International Housewares Retail Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1373

Annual Report 2015

To take care of every family
with utmost attention

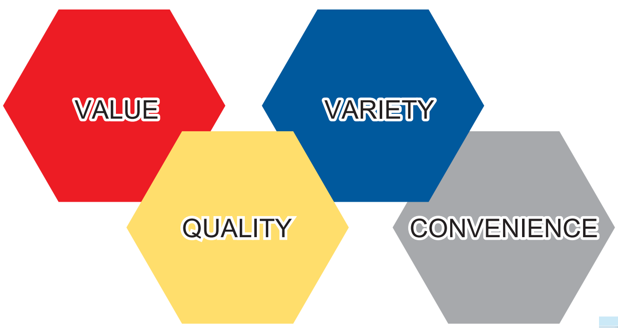
Corporate Profile

Established in 1991, International Housewares Retail Company Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") is the largest houseware retail chain in Hong Kong, Singapore and Macau[1]. The Group offers quality houseware products through an extensive retail network comprising 371 stores in Hong Kong, Singapore, Malaysia, Mainland China, Macau, Cambodia, Indonesia, Saudi Arabia and New Zealand under the renowned brands including Japan Home Centre (日本城), City Life (生活提案), Epo Gifts & Stationery (文具世代), Happy Kitchen (廚之樂), ELLA, Ella Bits, Japan Home (日本の家) and Living Plus (泛美家) brands. Leveraging extensive sourcing channels and high-margin private label products, the Group provides a full range of houseware items at competitive prices, creating a "one-stop" shopping experience for customers.

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

Mission Statement

Provide VALUE, QUALITY, VARIETY and CONVENIENCE to our customers



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

CONTENTS

www.JHCeshop.com
節能遙
City Life
Living Plus 泛美家
文具世代
JHC 日本城
HAPPY KITCHEN
ELLA
日本の家
日本城 JAPAN HOME

Highlights

- The Group's revenue increased by 11.7% to HK$1,951,279,000 (2013/14[1]: HK$1,746,838,000), with an improvement across all geographical locations.
- The number of stores in the Group's retail network rose to 371, representing a net increase of 38 stores.
- The Group's overall comparable store sales growth[2] was 6.1% (2013/14: 9.5%), among which Hong Kong sustained a growth of 8.2% (2013/14: 10.0%).
- The Group maintained a strong financial position with cash and cash equivalents of HK$447,376,000 (30 April 2014: HK$466,432,000).
- The Group's gross profit rose by 11.1% to HK$902,790,000 (2013/14: HK$812,529,000) while gross margin remained stable at 46.3% (2013/14: 46.5%).
- Hong Kong remained as the key market for the Group, contributing 84.6% (2013/14: 85.3%) of the Group's total revenue, and net profit of the Hong Kong market was HK$106,016,000 (2013/14: HK$113,772,000[3] excluding the one-off items), representing a decrease of 6.8%.
- The Group's profit attributable to equity holders for the Year was HK$88,390,000 (2013/14: HK$114,248,000[3] excluding the one-off items), representing a decrease of 22.6%.
- The Board has resolved to recommend the payment of a final dividend of 5.6 HK cents per share. Combined with the interim dividend of 4.9 HK cents per share, the total annual dividend would be 10.5 HK cents per share.

Notes:

1. Comparative figures for the financial year ended 30 April 2014 are shown as 2013/14 in brackets.
2. Comparable store sales growth represents a comparison of sales of the same store having full year operations in the comparable periods.
3. The adjusted profit for the comparable last year 2013/14, a non-HKFRS measure, eliminated the effect of one-off items, which is useful in gaining a more complete understanding of the Group's operational performance and of the underlying trends of its business. One-off items mainly represented listing expenses, gain on disposal of non-current asset held for sale and loss from financial assets at fair value through profit or loss.

Five-Year Financial Summary

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

	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
Financial performance					
Revenue	**1,951,279**	1,746,838	1,498,673	1,211,222	1,017,566
Operating profit	**95,575**	164,418	129,106	104,499	76,274
Profit before income tax	**100,068**	167,597	128,108	103,931	75,336
Profit for the year	**79,239**	143,099	103,169	86,530	62,446
Financial position					
Cash and cash equivalents	**447,376**	466,432	111,513	70,806	119,204
Total assets	**1,034,584**	999,690	567,077	399,799	371,802
Total liabilities	**(302,337)**	(281,010)	(284,083)	(221,690)	(236,410)
Net assets	**732,247**	718,680	282,994	178,109	135,392
Key ratios					
Gross profit margin	**46.3%**	46.5%	46.1%	44.5%	42.4%
Net profit margin	**4.1%**	8.2%	6.9%	7.1%	6.1%
Revenue growth	**11.7%**	16.6%	23.7%	19.0%	7.5%
Comparable store sales growth in Hong Kong[1]	**8.2%**	10.0%	12.1%	11.8%	4.9%

Note:

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

Awards and Recognition

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

- Hong Kong Jun-zi Corporation Award (Retail) Golden Award 2013 Bronze Award 2012 (E)
- 3 Magazine "HK's Best Brands" The Best Housewares Centre 2013 (D)
- Smilling Enterprise Award 2012
- The Best for Home 2008-2011
- 3 Magazine Smart Living Brand 2009
- Retail Asia-Pacific Top 500 2005 & 2009
- Most Favourable Brand by Chinese Customers - Golden Brand 2008
- Certificate Award for the Best Brand Enterprise 2007 (C)
- Hong Kong Top Service Brand Award 2007 - 2015 (A)
- WWF (HK) - Silver Member 2006 - 2015
- Q-Mark 2006 - 2015 (B)
- No Fakes Pledge 2006 - 2015
- Caring Company 10 Years+ 2004 - 2015
- Quality Tourism Services Assoication Member 2004 - 2015
- Quality Tourism Services 2004 - 2015
- Superbrands 2004
- Integrity Award 2003 - 2004

A

C

D

B

E

Corporate Social Responsibility

1. The Group participated in Hong Kong and Kowloon Walks for Millions of the Community Chest 2015 on 11 January 2015.

2. The Group has been granted the Caring Company honor for consecutive 10 years by HKCSS on 23 March 2015.

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

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

5. The Group participated in the "No Smoking for Retail Frontline Staff" scheme organized by Lok Sin Tong for consecutive two years.

6. The Group has pledged to Hong Kong Shark Foundation not to serve shark fin at company-sponsored functions.

7. The Group has become the corporate Silver Member of WWF (Hong Kong) since 2006.

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

The Group's History

1991

The first store was opened in North Point, Hong Kong

1993

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

2000

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

2001

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

2002

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

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

Launch of our own private label products

2004

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

2005

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

2006

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

Awarded "No Fakes Pledge"

2007

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

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

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

2009

Total number of stores including "Japan Home Centre" (日本城), "City Life" (生活提案) and "Epo Gifts & Stationery" (文具世代) exceeded 200 in Hong Kong

Awarded "The 5 Consecutive Years Caring Company" logo

2010

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

2011

Sales exceeded HK$1 billion

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

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

2012

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

2013

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

International Housewares Retail Company Limited (Stock code: 1373) was successfully listed on the main board of the Stock Exchange

2015

JHC HomePass has more than 200,000 members in Hong Kong

Launched e-commerce platform JHCeshop.com

Successfully acquired and integrated the "ELLA" brand

Opened the first returned fixed-price store (均一駅)

Chairman's Statement

Dear Shareholders,

On behalf of International Housewares Retail Company Limited and its subsidiaries, I am pleased to present the Group's annual results for the year ended 30 April 2015, I am glad to achieve another set of promising financial results with the record-breaking revenue, solid financial position and strong organic growth. During the year under review, we have continued to solidify our position as a leading houseware retail chain, adding a net 38 stores to our portfolio for a total of 371 stores worldwide. With the aim to broaden the Group's income stream and further penetrate the younger generation market segment, we have successfully acquired and integrated the ELLA brand as well as launched e-commerce platform JHCeshop. Since our acquisition of ELLA in December 2014, we have opened new branded shops in Yuen Long, Kowloon City and Aberdeen. We are trying to drive online shoppers to our physical stores aiming to bring extra business to them offering the option of picking up their purchases at stores. About 40% of customers choose to pick up parcels at our stores. These new businesses will enable us to tap the potential in the young adults market and the online shopping trend, spurring further growth with substantial results in the medium- to long-run.

FUTURE PROSPECTS

The Group's outlook for 2016 is cautiously optimistic. With the stepped-up efforts of the Hong Kong Government to increase housing supply in the next five years, more public housing units are expected to be completed. As such, the Group will eye new housing estates as the target locations for new store openings, striving to cater for the needs of a large amount of household products to new residents moving in to the area. Recently, the Group has successfully bid for two retail spaces in new developed public housing estates in Hung Shui Kiu and Shui Chuen O. It is believed the entry into these newly-developed areas along with rising disposable income can strategically capture the robust demand for houseware products. The Group is continuing to adjust its strategies in line with the Government's development policies and closely monitor development plans.

As the pioneer of the "fixed price store" concept in Hong Kong in the early 1990's, the Group has observed the return of the "fixed price" trend this year. Riding on this momentum, the Group has opened 「均一駅」, the first returned fixed-price store in Tin Shui Wai, in July 2015, selling selected special products at either HK$10 per piece or three pieces for HK$100. The Group believes the fixed price store concept will enhance its flexibility in the continual expansion and penetration of its network in support of its other retail store brands. Meanwhile, the membership programme "JHC HomePass" continues to facilitate repeat purchases and attract new customers to boost comparable store sales. As of 30 April 2015, JHC HomePass has more than 200,000 members in Hong Kong, and the Group is devoting greater efforts to interact with its members.

On the operations front, the Group seeks to leverage an electronic platform enabling effective information exchange between the Group and its suppliers to derive maximum benefits. Since the platform commenced operation during the year, the Group can place e-orders to suppliers through the platform. All orders confirmed by suppliers are automatically updated to the system, which simplifies the purchase workflow and improves operational efficiency, providing accurate and timely information for inventory planning and control.

Benefiting from our strong brand recognition, market-leading position, vision of a veteran management team as well as a proven business model, we will further advance and overcome any obstacles ahead. Our supply cost-down measures will also help maintain healthy margins. Having made positive steps forward, we are even more determined to build growth momentum, maintain sustainable good growth and create greater value for our shareholders.

APPRECIATION

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

LAU Pak Fai Peter
Chairman and Executive Director

Hong Kong, 24 July 2015

Management Discussion and Analysis

OVERVIEW

International Housewares Retail Company Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") achieved another annual record high in revenue for the year ended 30 April 2015 (the "**Year**"), a strong indication of the Group's capability to overcome short-term fluctuations and challenges in the markets. The revenue reached HK$1,951,279,000 (2013/14: HK$1,746,838,000), representing a significant growth of 11.7% over the last year. As at 30 April 2015, the Group had a total of 371 stores worldwide in Hong Kong, Singapore, Malaysia, Mainland China, Macau, Cambodia, Indonesia, Saudi Arabia and New Zealand, with a net addition of 38 stores during the Year.

FINANCIAL PERFORMANCE

For the Year, the Group's revenue increased by 11.7% to HK$1,951,279,000 (2013/14: HK$1,746,838,000). This was mainly due to the opening of new stores and growth in comparable store sales. Revenue was also driven by the growth in both the number of transactions and the average spending per transaction. In addition, we continued to increase the variety of our merchandise to capture additional market opportunities and expand our customer base.

The Group's gross profit margin remained stable, and our gross profit increased by 11.1% to HK$902,790,000 (2013/14: HK$812,529,000).

Operating expenses increased slightly from 40.5% to 42.1% as a percentage of revenue against the last year. This was primarily due to continuing increase of rental expenses and staff cost. Moreover, a number of new stores were opened during the Year and are still in their investment periods. In addition, there was certain expenses to tighten the Company's compliance with relevant regulatory requirements and related costs of internal control measures. In spite of these adverse factors, thanks to our strong brand recognition and popular product offering, the Group has managed to deliver record-high sales to maintain costs as a stable percentage of revenue during the Year.

Excluding net gain of HK$30,117,000 arising from one-off items[(1)] from the last year, the profit attributable to equity holders of the Company for the Year decreased by 22.6% to HK$88,390,000 (2013/14: HK$114,248,000[(1)]), representing 4.5% of revenue (2013/14: 6.5%[(1)]).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2015, the Group had cash and cash equivalents amounting to HK$447,376,000 (30 April 2014: HK$466,432,000). Most of the Group's cash and bank deposits were denominated in Hong Kong dollars and Renminbi, and were deposited with major banks in Hong Kong with maturity dates falling within 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 dollars or Renminbi 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 2014: 3.0). Bank borrowings amounted to HK$75,130,000 as at 30 April 2015 (30 April 2014: HK$64,094,000). The Group was in net cash position as at 30 April 2015. The Group's gearing ratio as determined by bank borrowings divided by total equity was 10.3% (30 April 2014: 8.9%).

Note:

1. The adjusted profit for the comparable last year 2013/14, a non-HKFRS measure, eliminated the effect of one-off items, which is useful in gaining a more complete understanding of the Group's operational performance and of the underlying trends of its business. One-off items mainly represented listing expenses, gain on disposal of non-current asset held for sale and loss from financial assets at fair value through profit or loss.

OPERATING EFFICIENCIES

The Group's overall comparable store sales growth[1] for the Year was 6.1% (2013/14: 9.5%), among which Hong Kong sustained a growth at 8.2% (2013/14: 10.0%).

In the past few years, the overall rental expenses have increased significantly, while rental expenses constitute a significant portion of our operating expenses. Despite this adverse dynamic, the Group managed to maintain rental costs as a stable percentage of revenue historically, as through leveraging our strong brand recognition and popular product offerings, we can open new stores using less prime retail space and thereby control our rental expenses as we expand. We are also able to rent retail spaces of varying sizes, giving us more flexibility in choosing retail spaces and controlling our overall rental expenses.

In addition, the salaries of employees have generally increased in recent years. We expect our employee expenses to rise along with inflation. In order to mitigate the effects of increasing employee expenses, we have employee training programmes in place to maximise productivity and we redeploy our employees to different stores from time to time in order to further maximise productivity. As a result, the Group has managed to maintain stable staff costs within a reasonable percentage range of its revenue.

In spite of these adverse factors, by leveraging our strong brand recognition and popular product offering, the Group has managed to deliver record-high sales to maintain costs as a stable percentage of revenue during the Year. The Group's operating expenses as a percentage of revenue increased only slightly during the Year, accounting for 42.1% of its revenue (2013/14: 40.5%).

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

For the year ended 30 April	**2015**		2014		
	HK$	**(%) of revenue**	HK$	(%) of revenue	Change (%)
Distribution and advertising expenses	**53,328,000**	**2.7%**	46,763,000	2.7%	14.0%
Administrative and other operating expenses					
Rental expenses – retails stores	**296,963,000**	**15.2%**	248,081,000	14.2%	19.7%
Employee benefit expenses	**282,136,000**	**14.5%**	238,674,000	13.7%	18.2%
Other expenses	**189,897,000**	**9.7%**	161,338,000	9.2%	17.7%
One-off items[2]	**–**	**–**	12,930,000	0.7%	–100.0%
Total operating expenses	**822,324,000**	**42.1%**	707,786,000	40.5%	16.2%

Notes:

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

2. One-off items mainly represented listing expenses.

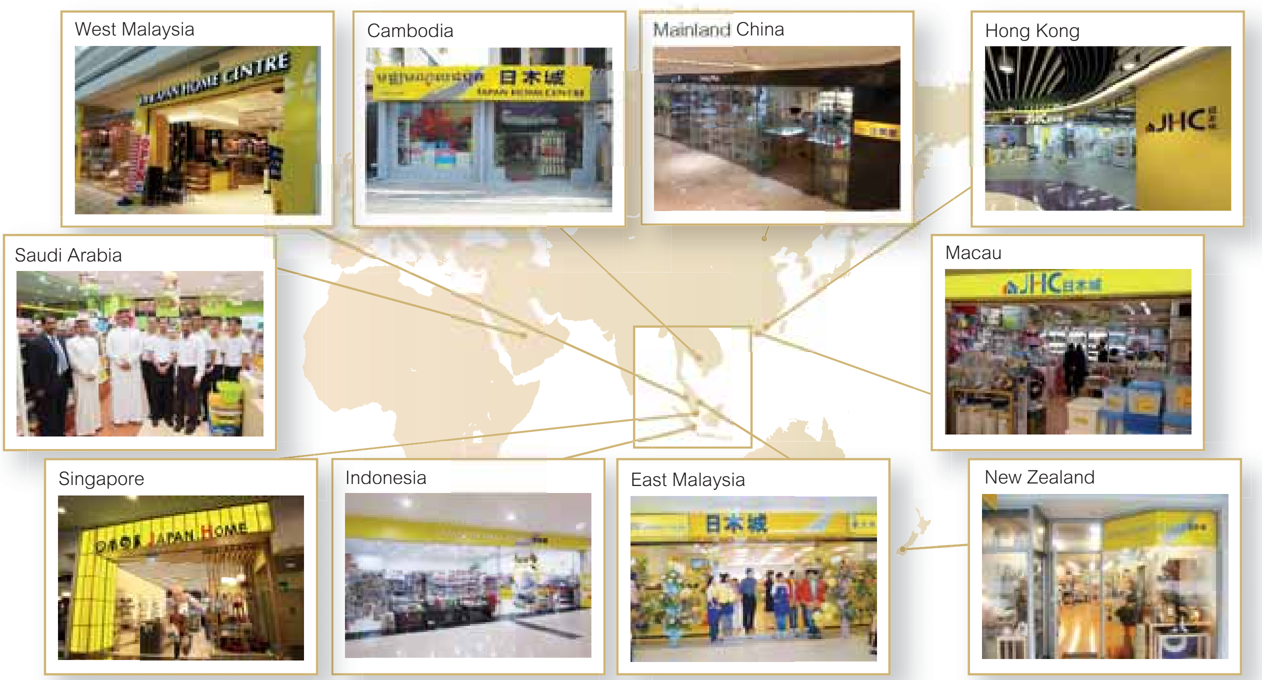
DISTRIBUTION NETWORK

We plan to continue to expand our operations by leveraging the strength of our brand, our extensive retail network and large global supplier network. Meanwhile, the Group intends to focus on improving operational efficiencies in Singapore, the West Malaysia and Mainland China markets to bring extra revenue to the Group.

We believe that our comparable store sales growth in Hong Kong as well as the increasing revenue from our operations in Singapore, West Malaysia, Mainland China and Macau demonstrated our growth potential in these regions. As at 30 April 2015, the Group had a presence in 10 jurisdictions throughout the world. The number of stores increased by 38 to 371 during the Year, of which 360 stores were directly managed by the Group and 11 stores were licenced stores.

The following table sets forth the number of our stores worldwide:

	As at 30 April 2015	As at 30 April 2014	Net increase/ (decrease)
Our stores			
Hong Kong	**267**	241	26
Singapore	**65**	52	13
West Malaysia	**12**	15	(3)
Mainland China	**8**	9	(1)
Macau	**8**	6	2
Sub-total	**360**	323	37
Our licenced stores			
East Malaysia	**2**	2	0
Saudi Arabia	**5**	5	0
New Zealand	**1**	1	0
Indonesia	**1**	1	0
Cambodia	**2**	1	1
Sub-total	**11**	10	1
Total	**371**	333	38



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 bonuses and share options are then offered to qualified employees. A performance-based element is included in the annual discretionary bonus for all staff as well as in share options for supervisory and managerial staff. As at 30 April 2015, the Group employed approximately 2,400 employees (30 April 2014: 2,010). Total staff costs for the Year were HK$282,136,000 (2013/14: HK$238,674,000).

OPERATIONAL REVIEW BY BUSINESS SEGMENTS

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

Retail revenue for the Year achieved a record-high revenue and continued to be the primary sales driver for the Group with a growth of 12.0%. This was mainly due to the opening of new stores and growth in comparable store sales. Revenue was also driven by the growth in both the number of transactions and the average spending per transaction. In addition, we continued to increase the variety of our merchandise to capture additional market opportunities and expand our customer base. This resulted in HK$1,924,621,000 (2013/14: HK$1,719,014,000) of retail revenue which included consignment sales commission income, accounting for 98.6% (2013/14: 98.4%) of total revenue.

The wholesale business, licencing income and others as a whole decreased by 4.2% from the last year to HK$26,658,000 (2013/14: HK$27,824,000).

OPERATIONAL REVIEW BY GEOGRAPHICAL LOCATIONS

Operation Review – Hong Kong

Hong Kong remained the key market for the Group, representing 84.6% (2013/14: 85.3%) of the Group's total revenue. Revenue in Hong Kong for the Year achieved a record-high total revenue of HK$1,651,154,000 (2013/14: HK$1,489,652,000) with a 10.8% increase, while comparable store sales[(1)] showed a relatively healthy growth of 8.2% (2013/14: 10.0%).

Excluding net gain of HK$32,010,000 arising from one-off items[(2)] from the last year, the profit in Hong Kong for the Year was HK$106,016,000 (2013/14: HK$113,772,000[(2)]), representing a decrease of 6.8% from the last year, with the net profit margin of 6.4% (2013/14: 7.6%[(2)]).

Operation Review – Singapore

In Singapore, while the revenue grew by 19.0% to HK$238,213,000 (2013/14: HK$200,128,000) during the Year, comparable store sales growth[1] recorded a negative growth of 8.9% (2013/14: a growth of 5.8%). The principal reasons were conservative consumer spending patterns and a lack of adequate execution capability of our local operation team. To address the problem, we have been re-assigning experienced staff to travel to or on consignment to Singapore from time to time as needed to provide training and to spearhead operations planning and execution.

We will continue with replication and integration of our Hong Kong systems and procedures to the extent that they can be adopted in Singapore. We believe that this will not only improve operational efficiency but also enable new staff to more easily master their daily operational duties.

In addition, we will slow down or temporarily suspend our expansion until such time the local talent pool is in place and equipped with sufficient ability to generate growth. Despite the bottleneck, Singapore remains our strategic market and the Group expects to achieve moderate growth and is optimistic about its business prospects for the mid – to long-term.

Operation Review – Mainland China

With respect to Mainland China, the Group's business there recorded revenue growth of 14.8% to HK$4,945,000 (2013/14: HK$4,306,000), while comparable store sales growth[1] was 11.4% (2013/14: 19.1%) during the Year. The store network has been reviewed and certain under-performing stores have now been integrated.

Operation Review – West Malaysia

The revenue for our West Malaysia operations was HK$20,407,000 (2013/14: HK$19,117,000), an increase of 6.8% over the last year while comparable store sales growth[1] recorded a negative growth of 6.6% (2013/14: a growth of 12.4%).

Operation Review – Macau

During the Year, the Group's Macau revenue recorded an increase of 8.7% to HK$36,560,000 (2013/14: HK$33,635,000), while comparable store sales growth[1] was 5.9% (2013/14: n/a[3]).

Notes:

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

2. The adjusted profit for the comparable last year 2013/14, a non-HKFRS measure, eliminated the effect of one-off items, which is useful in gaining a more complete understanding of the Group's operational performance and of the underlying trends of its business. One-off items mainly represented listing expenses, gain on disposal of non-current asset held for sale and loss from financial assets at fair value through profit or loss.

3. We have no comparable store sales data as our first full financial year of operation in Macau is the financial year ended 30 April 2014.

SHARES TRANSACTIONS

Subject to the terms and conditions of the sale and purchase agreement dated 23 October 2014, JHC Ella Limited, a subsidiary of the Company, acquired certain business and assets from Union Way Trading Limited (the "**Acquisition**").

The Acquisition, which includes the retailing of accessories, stationery, toys and housewares products targeting younger customers, will help the expansion of our customer base to include customers in their twenties and thirties. We believe this is an opportunity that will bring reasonable returns by expanding of the Group's network, as well as optimising synergies between the parties in leasing, logistics, merchandising, information technology and marketing where the Group already has a strong platform in Hong Kong.

The consideration of the Acquisition comprised cash of HK$3,000,000 and 800,000 ordinary shares of the Company with an issue price of HK$1.77 per share to Union Way Trading Limited on 5 December 2014. Details of the Acquisition are set out in the announcement of the Company dated 23 October 2014.

ACQUISITION OF PROPERTY

On 1 December 2014, the Group entered into a formal sale and purchase agreement with an independent third party, pursuant to which, it has agreed to acquire a property situated at Caine Road in Hong Kong (the "**Property**") for a purchase price of HK$39,000,000. The Group holds the Property for self use by providing spaces for retail store.

OTHERS

Notwithstanding the foregoing, financial policies, contingent liabilities, capital commitments and charges on the Group's assets did not differ materially during the Year from the information presented in the last published annual report. Details of the contingent liabilities of the Group as at 30 April 2015 are set out in note 27 to the consolidated financial statements.

Report of the Directors

The directors of the Company ("**Directors**") present their report and the audited consolidated financial statements for the year ended 30 April 2015.

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDENDS

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

An interim dividend of 4.9 HK cents per ordinary share (2013/14: interim and special dividends of 2.0 HK cents and 4.0 HK cents respectively), representing a total payout of approximately HK$35,556,000 by the Company on 29 January 2015. The Board has resolved to recommend the payment of a final dividend of 5.6 HK cents per ordinary share to shareholders whose names appear on the register of members of the Company on Wednesday, 7 October 2015 which will be paid on or around Friday, 16 October 2015. Taking into account of the interim dividend payment, the total dividend for the Year would amount to 10.5 HK cents per share, totaling approximately HK$76,123,000 for the Year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company for the annual general meeting will be closed from Monday, 21 September 2015 to Friday, 25 September 2015 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for attendance at the annual general meeting to be held on Friday, 25 September 2015, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 18 September 2015.

The register of members of the Company for the final dividend will be closed from Monday, 5 October 2015 to Wednesday, 7 October 2015 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 2 October 2015.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and assets and liabilities of the Group for the five years ended 30 April 2011, 2012, 2013, 2014 and 2015 is set out in the five – year financial summary. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year are set out in note 21 to the consolidated financial statements.

RESERVES

Movements in reserves during the year are set out in note 22 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

DIRECTORS

The Directors during the Year were:

Executive Directors:

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

Non-executive Directors:

Mr. Chung Tak Wai	(Resigned on 1 November 2014)
Mr. Yeung Yiu Keung	

Independent Non-executive Directors:

Mr. Tsui Ka Yiu	(Resigned on 1 November 2014)
Dr. Lo Wing Yan William, J.P.	
Mr. Huang Lester Garson, J.P.	
Mr. Mang Wing Ming Rene	(Appointed on 1 November 2014)

Pursuant to Article 83(3) and 84(1) of the Articles of Association, Mr. Yeung Yiu Keung, Dr. Lo Wing Yan William, J.P., Mr. Huang Lester Garson, J.P. and Mr. Mang Wing Ming Rene shall retire from office at the forthcoming annual general meeting. Due to other business commitment, Dr. Lo Wing Yan William, J.P. and Mr. Huang Lester Garson, J.P., will not offer themselves for re-election. The other retiring Directors, being eligible, offer themselves for re-election. The Company is identifying suitable candidate(s) to fill the above vacancies. Announcement(s) will be made by the Company in this regard when appropriate.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' REMUNERATION

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

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. LAU Pak Fai Peter, aged 57

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

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

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

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

Ms. NGAI Lai Ha, aged 43

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

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

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

Ms. Ngai is currently a member of the Nanjing Committee of the Chinese People's Political Consultative Conference, a council member of the Jiangsu Chinese Overseas Friendship Association, a vice president of The Professional Validation Centre of Hong Kong Business Sector, the Honorary President of Hong Kong New Territories District Adviser Alumni Association, a director of Grateful Heart Charitable Foundation and Vice President of the Yau Tsim District, Scout Association of Hong Kong. Ms. Ngai graduated from the Open University of Hong Kong with a Bachelor of Business Administration degree in December 2002 through distance learning. Ms. Ngai is also the Honorary Fellow of The Professional Validation Centre of Hong Kong Business Sector in 2015.

Mr. CHENG Sing Yuk, aged 56

Mr. Cheng was appointed as an executive Director of the Company with effect from 18 April 2013, the date of incorporation of the Company. Mr. Cheng is the financial controller of the Group and is responsible for the accounting and finance matters of the Group. Prior to rejoining the Group in December 2009, he worked in various industries which included retail, wholesale and telecommunication. Mr. Cheng has 25 years of accounting and finance experience.

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

Non-executive Director

Mr. YEUNG Yiu Keung, aged 52

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

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

Independent non-executive Directors

Dr. LO Wing Yan William, J.P., aged 54

Dr. Lo was appointed as an independent non-executive Director of the Company with effect from 4 September 2013. Dr. Lo serves as an independent non-executive director of SITC International Limited (SEHK: 1308), Varitronix International Limited (SEHK: 710), Jingrui Holdings Limited (SEHK: 1862), CSI Properties Limited (SEHK: 497) and Television Broadcasts Limited (SEHK: 511). He was also a non-executive director of South China Land Limited (SEHK: 8155), until his resignation on 19 March 2014, the shares of all of which are listed on the Hong Kong Stock Exchange. He was also an independent non-executive director of LZYE Group PLC (LZYE: L), the shares of which are listed on the Alternative Investment Market of the London Stock Exchange, until his resignation on 15 November 2013. He is currently also an independent non-executive director of Nam Tai Property, Inc. (formerly known as Nam Tai Electronics, Inc.) (NYSE: NTE), the shares of which are listed on the New York Stock Exchange, and E2 Capital Holdings Limited (formerly known as Westminster Travel Limited) (SP: E2-Capital), the shares of which are listed on the Singapore Stock Exchange. Dr. Lo has held various senior positions with I.T Limited, China Unicom Limited and Citibank, N.A.

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

Mr. HUANG Lester Garson, J.P., aged 55

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

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

Mr. MANG Wing Ming Rene, aged 63

Mr. Mang is currently the Managing Partner of Silversteps Limited, providing executive training and business consulting services to retailers in Asia. Mr. Mang possesses over 35 years of business experience in wholesale and retail sector in Hong Kong, Mainland China, Canada and Asian countries. Mr. Mang has been the chief executive in various reputable retailers in the past 15 years, including Country President of Wal-Mart Korea Company Limited in Korea and Chief Operating Officer of Trust-Mart China Company Limited in China, both of which are wholly owned subsidiaries of Wal-Mart Stores Inc, the largest retailer in the world in terms of revenue in 2013. Besides, he was the Chief Executive Officer of Hong Kong Seibu Enterprises Company Limited in Hong Kong and the Group Chief Executive Officer of G2000 Apparels Group covering Hong Kong, Mainland China and Asia. From March 2010 until his resignation on 3 December 2014, Mr. Mang has been the Commissioner (equivalent to non-executive director in common law countries) of PT Matahari Department Store Tbk in Indonesia (Stock code LPPF.JK on Indonesia Stock Exchange), which operates over 100 department stores in Indonesia in October 2014.

Mr. Mang is a member of American Institute of Certified Public Accountants since 1996 and is a fellow member of The Hong Kong Institute of Directors since 1 October 2014. Mr. Mang graduated from the Chinese University of Hong Kong with a Bachelor of Business Administration degree in 1974.

Senior Management

Mr. Yuen Ka Ho, aged 48
Chief operating officer

Mr. Yuen is the chief operating officer of the Group overseeing the sales, marketing, sourcing, purchases, store operations, store renovation and logistics in Hong Kong and Mainland China. He joined the Group in September 2014. Prior to that, Mr. Yuen possesses over 28 years of business experience in wholesale and retail sector in Hong Kong and Mainland China. He has been in management positions in various reputable retailers in the past 17 years, including merchandising director of Metro Jinjiang Cash and Carry Co., Ltd. and Wal-Mart (China) Investment Co. Ltd. in Mainland China. Mr. Yuen graduated from the University of Bradford with a Master of Business Administration degree in 2013.

Mr. Lau Tat Chi, aged 51
Business Development Director

Mr. Lau is the business development director of the Group overseeing business development strategies including mergers and acquisitions, overseas expansion projects and investor relations. He joined the Group in February 2014. Before joining the Group, Mr. Lau worked for G2000 (Apparel) Limited for 3 years as overseas sales director, and Enesco Asia Limited for 4 years as director of Asia Sales, both in charge of business development projects. Before moving into business development, he had been in various finance positions for more than 15 years with companies including United Distillers Asia Limited, Merck Sharp & Dome (Asia) Limited and Mattel Inc. Mr. Lau graduated from University of Hong Kong in 1987 with a Bachelor of Arts degree in Music and Chinese University of Hong Kong in 1990 with a Master of Business Administration degree. Mr. Lau also holds a LLB degree from University of London accredited in 2009 and has been a member of The Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants since 1999.

Ms. TAM Siu Wan, aged 53
General manager (Retail Operations)

Ms. Tam is the general manager of retail operations of the Hong Kong retail store operations and has been responsible for the day to day operations of the stores in Hong Kong since 2002. Prior to joining the Group in December 2000, Ms. Tam had been a district manager at Nippon Warehouse Limited since 1997. She joined the Group in May 2000 when the Group acquired Nippon Warehouse Limited. Ms. Tam is also a Fellow of The Professional Validation Centre of Hong Kong Business Sector in 2015.

Mr. CHEUNG Wai Hung, aged 44
Senior merchandising manager

Mr. Cheung is the senior merchandising manager of the Group and is responsible for the sourcing and buying for the stores in Hong Kong, Singapore and Mainland China. He joined the Group in May 1997. Mr. Cheung had been the merchandising manager of the Group from 1997 to 2002 and senior merchandising manager since 2002. Mr. Cheung is also a Fellow of The Professional Validation Centre of Hong Kong Business Sector in 2015.

Ms. MAN Siu Ling, aged 58
Senior merchandising manager

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

Mr. WONG Kin Man, aged 42
Senior manager (IT department)

Mr. Wong is the senior manager of the IT department of the Group and oversees the information technology systems of the Group. Mr. Wong joined the Group in June 2005. Mr. Wong has over 20 years of experience in information technology management and system development and support. Prior to joining the Group in June 2005, Mr. Wong was a technical service administrator in Microware USA Limited from 1993 to 1995, assistant manager in ADL Computer System Limited from 1995 to 1996, assistant supervisor in the Macau Horse Racing Company Limited from 1996 to 1997, a customer service supervisor and a senior customer service supervisor in ACER Computer (Far East) Limited from 1997 to 2000, a system support manager in Infrasys (HK) Limited from 2000 to 2003 and the manager of the IT department in Winsor Hong Kong Limited from 2003 to 2005. Mr. Wong is also a Fellow of The Professional Validation Centre of Hong Kong Business Sector in 2015.

Mr. CHENG Mei Lit, aged 53
Head of Retail Operation (Singapore and Malaysia)

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

Ms. YIP Yee Fan Sandra, aged 41
Senior manager (Overseas business development division)

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

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 April 2015, the interests and 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 of Directors	Capacity/ Nature of Interest	Number of shares of the Company	Number of underlying shares of the Company – Share Option	Total interest *(Note 1)*	Approximate percentage of shareholding as at 30 April 2015*
Mr. LAU Pak Fai Peter	Interest in a controlled corporation	324,000,000 *(Note 2)*		327,385,000	45.19%
	Personal interest	2,710,000	675,000 *(Note 3)*		
Ms. NGAI Lai Ha	Interest in a controlled corporation	324,000,000 *(Note 4)*		324,675,000	44.82%
	Personal interest		675,000 *(Note 3)*		
Mr. CHENG Sing Yuk	Personal interest		1,541,500 *(Note 5)*	1,541,500	0.21%
Mr. MANG Wing Ming Rene	Personal interest		100,000 *(Note 3)*	100,000	0.01%

* The percentage was calculated based on 724,410,700 shares in issue as at 30 April 2015.

Notes:

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

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

3. 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 Schemes" of this report).

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

5. 407,500 shares 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 Schemes" of this report) and 1,134,000 shares represent the 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).

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 30 April 2015, 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 April 2015, the 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 were required 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 30 April 2015*
Hiluleka Limited	Beneficial owner	324,000,000 *(Note 2)*	44.73%
FMR LLC	Investment manager	42,277,000 *(Note 3)*	5.84%
Grandeur Peak Global Advisors, LLC	Investment manager	37,395,000	5.16%
The Capital Group Companies, Inc.	Interest in a controlled corporation	36,767,000 *(Note 4)*	5.08%
LBN Advisers Limited	Investment manager	36,589,000	5.05%

* The percentage was calculated based on 724,410,700 shares in issue as at 30 April 2015.

Notes:

1. All the above shares are long position.

2. The shares are taken to have a duty of disclosure as described in Note (2) 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 42,277,000 shares of the Company held by Fidelity Management & Research (Hong Kong) Limited in 23,840,000 shares and Pyramis Global Advisors (Canada) Ulc in 18,437,000 shares. Fidelity Management & Research (Hong Kong) Limited and Pyramis Global Advisors (Canada) Ulc are wholly-owned subsidiaries of FMR LLC.

4. The Capital Group Companies, Inc. is deemed to have interests in 36,767,000 shares of the Company held by Capital Research and Management Company. Capital Research and Management Company is wholly-owned subsidiary of The Capital Group Companies, Inc.

Save as disclosed above, as at 30 April 2015, 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 were required 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 as 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. At the date of this report, the total number of Shares available for issue under the Share Option Scheme is 72,000,000 Shares, representing approximately 9.94% of the Company's issued share capital as at the same date.

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

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

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

DETAILS OF OPTIONS GRANTED BY THE COMPANY

As at 30 April 2015, options to subscribe for an aggregate of 4,435,000 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 *(Note 5)* At 1 May 2014	Granted during the year	Forfeited during the year	At 30 April 2015
Directors							
Mr. LAU Pak Fai Peter	28/02/2014	3.86	31/10/2014 to 27/02/2022 *(Notes 2 & 3)*	325,000		–	675,000
(Note 1)	12/11/2014	1.93	31/10/2015 to 11/11/2022 *(Notes 4(i), (v), (vi) & (vii))*		350,000	–	
Ms. NGAI Lai Ha *(Note 1)*	28/02/2014	3.86	31/10/2014 to 27/02/2022 *(Notes 2 & 3)*	325,000		–	675,000
	12/11/2014	1.93	31/10/2015 to 11/11/2022 *(Notes 4(i), (v), (vi) & (vii))*		350,000	–	
Mr. CHENG Sing Yuk	28/02/2014	3.86	31/10/2014 to 27/02/2022 *(Notes 2 & 3)*	187,500		–	407,500
	12/11/2014	1.93	31/10/2015 to 11/11/2022 *(Notes 4(ii), (v), (vi) & (vii))*		220,000	–	
Mr. MANG Wing Ming Rene	12/11/2014	1.93	31/10/2015 to 11/11/2022 *(Notes 4(iii), (v), (vi) & (vii))*		100,000	–	100,000
Sub-total				837,500	1,020,000	–	1,857,500
Employees							
In aggregate	28/02/2014	3.86	31/10/2014 to 27/02/2022 *(Notes 2 & 3)*	1,234,375		(296,875)	937,500
	12/11/2014	1.93	31/10/2015 to 11/11/2022 *(Notes 4(iv), (vi) & (vii))*		1,640,000	–	1,640,000
Sub-total				1,234,375	1,640,000	(296,875)	2,577,500
Total				2,071,875	2,660,000	(296,875)	4,435,000

Notes:

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

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

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

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

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

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

3. Closing price of the shares of the Company immediately before the date on which the options were granted was HK$3.80 per share.

4. 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 above 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.

   (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.

   (vii) The weighted average fair value of the share options granted was HK$0.35 per share option based on the Black-Scholes valuation model. Details are set out in note 21 to the consolidated financial statements.

5. All share options are unexercised.

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 30 April 2015, 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 Year:

Name and Category of participants	Exercise prices of share options HK$ per share	Exercise periods of share options	Number of Shares options *(Note1)* At 1 May 2014	Exercised during the year	Forfeited during the year	At 30 April 2015
Director						
Mr. CHENG Sing Yuk	1.04	25/09/2013–11/10/2018	178,200	–	–	178,200
		12/10/2013–11/10/2018	91,800	–	–	91,800
	1.39	25/09/2013–11/10/2019	142,560	–	–	142,560
		12/10/2013–11/10/2019	142,560	–	–	142,560
		12/10/2014–11/10/2019	146,880	–	–	146,880
	1.86	16/10/2013–15/10/2020	142,560	–	–	142,560
		16/10/2014–15/10/2020	142,560	–	–	142,560
		16/10/2015–15/10/2020	146,880	–	–	146,880
Sub-total			1,134,000	–	–	1,134,000
Employees	1.04	25/09/2013–11/10/2018	178,200			178,200
In aggregate		12/10/2013–11/10/2018	183,600	–	–	183,600
	1.39	25/09/2013–11/10/2019	89,100	–	–	89,100
		12/10/2013–11/10/2019	178,200	–	–	178,200
		01/05/2014–30/04/2020	142,560	(142,560)	–	–
		12/10/2014–11/10/2019	734,400	(550,800)	–	183,600
		01/05/2015–30/04/2020	146,880	–	(146,880)	–
	1.86	16/10/2013–15/10/2020	178,200	–	–	178,200
		16/10/2014–15/10/2020	1,104,840	(926,640)	–	178,200
		16/10/2015–15/10/2020	1,138,320	–	(275,400)	862,920
Sub-total			4,074,300	(1,620,000)	(422,280)	2,032,020
Total			5,208,300	(1,620,000)	(422,280)	3,166,020

Note:

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed under the section "Continuing Connected Transactions" and in Note 32 to the consolidated financial statements, no contracts of significance to which the Company, its holding company, subsidiaries or fellow subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

CONTINUING CONNECTED TRANSACTIONS

The following transactions of the Group constituted non-exempt continuing connected transactions ("**Continuing Connected Transactions**") for the Company during the financial year ended 30 April 2015 under the Listing Rules. Save as disclosed below, the related party transactions were set out in note 32 to the consolidated financial statements. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of these connected transactions. Details of these transactions were as follows:

1. First Batch Tenancy Framework Agreement

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

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

For the year ended 30 April 2015, a total of approximately HK$14,948,000 was received/receivable pursuant to the First Batch Tenancy Framework Agreement.

Annual caps

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

Revised annual caps

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

2. Second Batch Tenancy Framework Agreement

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

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

For the year ended 30 April 2015, a total of approximately HK$8,423,000 was received/receivable pursuant to the Second Batch Tenancy Framework Agreement.

Annual caps

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

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

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

All the Continuing Connected Transactions above have been reviewed by the Independent Non-executive Directors of the Company who have confirmed that the transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

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

USE OF PROCEEDS FROM THE GLOBAL OFFERING

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

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

During the year ended 30 April 2015, the Company repurchased a total of 1,225,000 shares of the Company on the Stock Exchange at an aggregate consideration of HK$2,229,000. All the repurchased shares were subsequently cancelled. Particulars of the repurchases are as follows:

Month	Number of shares repurchased	Purchase price (per share) Highest HK$	Lowest HK$	Aggregate Consideration HK$
March	550,000	1.69	1.63	917,000
April	675,000	2.05	1.85	1,312,000
	1,225,000			2,229,000

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. 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 year ended 30 April 2015.

SUFFICIENCY OF PUBLIC FLOAT

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

MANAGEMENT CONTRACT

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

PRE-EMPTIVE RIGHTS

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

MAJOR CUSTOMERS AND SUPPLIERS

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

AUDITOR

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

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

Hong Kong, 24 July 2015

Corporate Governance Report

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry with all of the Directors, Directors confirmed that they had been in compliance with the required standard set out in the Model Code during the year ended 30 April 2015.

BOARD OF DIRECTORS

Board Composition

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

Executive Directors:

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

Non-executive Directors:

Mr. Chung Tak Wai	(Resigned on 1 November 2014)
Mr. Yeung Yiu Keung	

Independent Non-executive Directors:

Mr. Tsui Ka Yiu	(Resigned on 1 November 2014)
Dr. Lo Wing Yan William, J.P.	
Mr. Huang Lester Garson, J.P.	
Mr. Mang Wing Ming Rene	(Appointed on 1 November 2014)

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

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

Our Board is composed of members from a diverse background. Gender and age distribution of our Board Members are set out in the "Profile of Directors and senior management" to this Annual Report. Nationalities of all Directors are Chinese. Save as disclosed in the biographies of the Directors, the Board members do not have any family, financial or business relationship with each other.

BOARD MEETINGS AND DIRECTORS' ATTENDANCE

The Board held 5 meetings during the year ended 30 April 2015. The table below shows each Director's attendance at meetings of the Board held while he or she was a Director during the Year.

Directors	*Notes*	Meetings attended	Meetings eligible to attend
Mr. Lau Pak Fai Peter		5	5
Ms. Ngai Lai Ha		5	5
Mr. Cheng Sing Yuk		5	5
Mr. Chung Tak Wai	*1*	2	2
Mr. Yeung Yiu Keung		5	5
Mr. Tsui Ka Yiu	*1*	1	2
Dr. Lo Wing Yan William, J.P.		5	5
Mr. Huang Lester Garson, J.P.		5	5
Mr. Mang Wing Ming Rene	*2*	3	3

Notes:

1. Resigned as a Director on 1 November 2014.

2. Appointed as a Director on 1 November 2014.

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

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

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

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

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

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

DELEGATION BY THE BOARD

Executive Directors are in charge of different businesses and functional divisions in accordance with their respective areas of expertise. For matters or transactions of a material nature, the same will be referred to the Board for approval. For matters or transactions of a magnitude requiring disclosure under the Listing Rules or other applicable rules or regulations, appropriate disclosure will be made and where necessary, circular will be prepared and shareholders' approval will be obtained in accordance with the requirements of the applicable rules and regulations.

The Board, led by the Chairman, is responsible for the Group's future development directions; overall strategies and policies; evaluation of the performance of the Group and the senior management; and approval of matters that are of a material or substantial nature. Senior management is responsible for the day-to-day operations of the Group.

Formal letters of appointment have been issued to all Directors setting out the key terms and conditions of their respective appointment. Each newly appointed Director will also be issued with a letter of appointment.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

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

CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

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

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company, for an initial term of three years commencing from the Listing Date, and the non-executive Director has entered into a letter of appointment with the Company for a term of three years commencing from the Listing Date and each of independent non-executive Directors has entered into a letter of appointment with the Company for a term of one year commencing from 25 September 2014 or the appointment date of the Director (i.e. 1 November 2014).

BOARD COMMITTEES

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

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

1) Audit Committee

The Company has established an Audit Committee with the following of its primary duties:

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

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

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

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

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

For the year ended 30 April 2015, 2 meetings of the Audit Committee were held. The work performed by the Audit Committee included but not limited to review of the Group's interim and annual financial statements and the interim and annual reports, with a recommendation to the Board for approval; and recommend to the Board that, subject to shareholders' approval at the forthcoming annual general meeting, PricewaterhouseCoopers be re-appointed as the Company's external auditor; and review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Company has established the procedures for reporting possible improprieties in matters of financial reporting, internal control or other matters for employees to raise concerns. Such procedures were included into the Company's employee's handbook.

The table below shows each Director's attendance at meetings held while he was a member during the Year.

Members	*Notes*	**Meetings attended**	**Meetings eligible to attend**
Mr. Mang Wing Ming Rene *(Chairman)*	*1*	1	1
Mr. Tsui Ka Yiu	*2*	1	1
Mr. Yeung Yiu Keung		2	2
Dr. Lo Wing Yan William, J.P.		2	2

Notes:

1. Appointed chairman of the Committee on 1 November 2014.

2. Resigned as a member and chairman of the Committee on 1 November 2014.

2) Remuneration Committee

The Company has established a Remuneration Committee with the following of its primary duties:

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

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

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

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

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

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

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

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

For the year ended 30 April 2015, 3 meetings of the Remuneration Committee were held. The work performed by the Remuneration Committee included but not limited to consideration of senior management's incentive bonus for the year ended 30 April 2014 and Directors' emoluments for the next year, with a recommendation to the Board for approval; consideration on the vesting of share options under the Share Option Scheme to selected Directors and the senior management with corresponding recommendation to the Board for approval, and making of recommendation to the Board on the remuneration packages of new independent non-executive Director.

The table below shows each Director's attendance at meetings held while he or she was a member during the Year.

Members	*Notes*	Meetings attended	Meetings eligible to attend
Mr. Huang Lester Garson, J.P. *(Chairman)*		3	3
Ms. Ngai Lai Ha		3	3
Mr. Mang Wing Ming Rene	*1*	1	1
Mr. Chung Tak Wai	*2*	2	2
Mr. Tsui Ka Yiu	*2*	1	2
Dr. Lo Wing Yan William, J.P.		3	3

Notes:

1. Appointed as a member of the Committee on 1 November 2014.

2. Resigned as a member of the Committee on 1 November 2014.

Particulars of the Director's emoluments disclosed pursuant to Appendix 16 of the Listing Rules are set out in Note 9(a) to the consolidated financial statement. The remuneration of the members of the senior management by band is set out below:

	Number of individuals 2015
Emolument bands	
HK$Nil to HK$2,000,000	**8**

3) Nomination Committee

The Company has established a Nomination Committee with the following of its primary duties:

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

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

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

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

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

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

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

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

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

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

For the year ended 30 April 2015, 2 meetings of the Nomination Committee were held. The work performed by the Nomination Committee included but not limited to review of the existing structure, size and composition of the Board and making of recommendation to the Board on appointment of new independent non-executive Director.

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

Selection of candidates to the Board will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, industry knowledge and length of service. The ultimate decision will be based on merit and the contribution that the selected candidates will bring to the Board, taking into account the business model and specific needs of the Group. The committee has, from time to time, reviewed and monitored the implementation of the policy to ensure its effectiveness. It will at appropriate time set measurable objectives for achieving diversity on the Board.

The table below shows each Director's attendance at meetings held while he was a member during the Year.

Members	*Notes*	**Meetings attended**	**Meetings eligible to attend**
Mr. Lau Pak Fai Peter *(Chairman)*		2	2
Mr. Mang Wing Ming Rene	*1*	0	0
Mr. Chung Tak Wai	*2*	2	2
Mr. Tsui Ka Yiu	*2*	1	2
Dr. Lo Wing Yan William, J.P.		2	2
Mr. Huang Lester Garson, J.P.		2	2

Notes:

1. Appointed as a member of the Committee on 1 November 2014.

2. Resigned as a member of the Committee on 1 November 2014.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors acknowledged their responsibility for preparing the financial statements of each financial period, which give a true and fair view of the state of affairs of the Group as at the end of the financial period and of the result and cash flows of the Group for the year. In the Company's interim and annual reports which are issued within the time limits stipulated by the Listing Rules, the Board presents a balanced, clear and comprehensive assessment of the Company's performance, position and prospects. The published financial statements adopt, and consistently apply, suitable accounting policies complying with Hong Kong Financial Reporting Standards.

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

The report from the auditor of the Company regarding their responsibilities and opinion on the financial statements of the Group for the year ended 30 April 2015 is set out in the "Independent Auditor's Report" to this Annual Report. The Board has taken steps to ensure the continued objectivity and independence of the external auditor. For the year ended 30 April 2015, the remuneration to the external auditor of the Company were approximately HK$2,043,000 and HK$500,000 in respect of audit and non-audit services provided to the Group respectively. Non-audit services primarily comprise review service provided to the Group.

DEED OF NON-COMPETITION

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

The Company has received the confirmation from the controlling shareholders in respect of their compliance with the terms of the non-competition undertakings for the year ended 30 April, 2015. The independent non-executive directors had reviewed the compliance with and enforcement of the terms of the non-competition undertakings by the controlling shareholders for the year ended 30 April, 2015.

INTERNAL CONTROLS

The Board is responsible for the internal control of the Group and for reviewing its effectiveness. Reports from the external auditor. PricewaterhouseCoopers, on internal controls and relevant financial reporting matters, are presented to the Audit Committee. The Board, through the Audit Committee, has conducted a review of the Group's internal control system for the year ended 30 April 2015, including financial, operational and compliance controls, and risk management functions. The Board assessed the effectiveness of internal controls by considering reviews performed by the Audit Committee, senior management, the external auditor as well as the work of an external third-party consultant. The annual review also considered the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting and financial reporting function. The Board is not aware of any significant areas of concern which may affect the shareholders.

COMPANY SECRETARY

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

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene an Extraordinary General Meeting

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

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

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

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

Detailed procedures are available on the website of the Company.

Shareholders' Enquiries

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

Constitutional Document

For the year ended 30 April 2015, there was no change in the memorandum and articles of association of the Company. An up-to date version of the articles of association of the Company is available on the websites of the Company and the Stock Exchange. Shareholders may refer to the articles of association of the Company for further details of the rights of shareholders.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

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

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

ANNUAL GENERAL MEETING

The Chairman of the Board, the then Chairman of the Audit Committee and Chairman of the Remuneration Committee attended the annual general meeting of the Company on 25 September 2014 and were available to answer questions. All Directors of the Company at that time attended the annual general meeting, with the exception of Mr. Yeung Yiu Keung. The Company's external auditor attended the annual general meeting and was available to answer questions.

Independent Auditor's Report

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

We have audited the consolidated financial statements of International Housewares Retail Company Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 46 to 107, which comprise the consolidated and Company balance sheets as at 30 April 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the predecessor Hong Kong Companies Ordinance (Cap.32), and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 April 2015, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the predecessor Hong Kong Companies Ordinance (Cap 32).

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 24 July 2015

Consolidated Income Statement

For the Year Ended 30 April 2015

	Note	Year ended 30 April 2015 HK$'000	2014 HK$'000
Revenue	5	**1,951,279**	1,746,838
Cost of sales	8	**(1,048,489)**	(934,309)
Gross profit		**902,790**	812,529
Other income – net	6	**16,675**	17,749
Other (losses)/gains – net	7	**(1,566)**	41,926
Distribution and advertising expenses	8	**(53,328)**	(46,763)
Administrative and other operating expenses	8	**(768,996)**	(661,023)
Operating profit		**95,575**	164,418
Finance income	10	**6,184**	4,628
Finance expenses	10	**(1,691)**	(1,449)
Finance income – net	10	**4,493**	3,179
Profit before income tax		**100,068**	167,597
Income tax expense	11	**(20,829)**	(24,498)
Profit for the year		**79,239**	143,099
Profit/(loss) attributable to:			
Owners of the Company		**88,390**	144,365
Non-controlling interests		**(9,151)**	(1,266)
		79,239	143,099
Earnings per share attributable to the owners of the Company for the year (expressed in HK cents per share)			
Basic earnings per share	12	**HK 12.2 cents**	HK 22.2 cents
Diluted earnings per share	12	**HK 12.2 cents**	HK 22.1 cents
Dividends	31	**68,107**	194,391

The notes on pages 54 to 107 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the Year Ended 30 April 2015

	Year ended 30 April	
	2015	2014
	HK$'000	HK$'000
Profit for the year	**79,239**	143,099
Other comprehensive loss		
Items that may be reclassified to profit or loss		
Currency translation differences	**(1,861)**	(1,443)
Other comprehensive loss for the year, net of tax	**(1,861)**	(1,443)
Total comprehensive income for the year	**77,378**	141,656
Attributable to:		
Owners of the Company	**87,297**	143,171
Non-controlling interests	**(9,919)**	(1,515)
Total comprehensive income for the year	**77,378**	141,656

The notes on pages 54 to 107 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 30 April 2015

		As at 30 April	
	Note	**2015** **HK$'000**	2014 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*15*	**117,161**	72,552
Intangible assets	*16*	**30,103**	29,716
Deferred income tax assets	*23*	**5,357**	4,919
Non-current prepayment and deposits	*18*	**73,493**	62,830
		226,114	170,017
Current assets			
Inventories	*19*	**294,952**	308,735
Trade and other receivables	*18*	**58,577**	47,938
Amount due from shareholders	*32(d)*	**465**	–
Pledged bank deposits	*20*	**6,533**	6,517
Bank deposits with initial terms of over three months	*20*	**567**	51
Cash and cash equivalents	*20*	**447,376**	466,432
		808,470	829,673
Total assets		**1,034,584**	999,690
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital and share premium	*21*	**591,274**	589,400
Reserves:	*22 & 31*		
– Proposed final dividend		**40,567**	32,551
– Others		**88,074**	74,151
		719,915	696,102
Non-controlling interests		**12,332**	22,578
Total equity		**732,247**	718,680

The notes on pages 54 to 107 are an integral part of these consolidated financial statements.

As at 30 April 2015

	Note	As at 30 April 2015 HK$'000	2014 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	*23*	**2,462**	2,989
Loans due to non-controlling shareholders of subsidiaries	*32(d)*	**2,620**	481
Provision for reinstatement cost	*24*	**2,134**	–
		7,216	3,470
Current liabilities			
Trade and other payable	*24*	**193,968**	177,958
Amount due to a non-controlling shareholder of a subsidiary	*32(d)*	**1,147**	247
Loan due to a non-controlling shareholder of a subsidiary	*32(d)*	**450**	2,587
Borrowings	*25*	**75,130**	64,094
Current income tax liabilities		**24,426**	32,654
		295,121	277,540
Total liabilities		**302,337**	281,010
Total equity and liabilities		**1,034,584**	999,690
Net current assets		**513,349**	552,133
Total assets less current liabilities		**739,463**	722,150

The notes on pages 54 to 107 are an integral part of these consolidated financial statements.

The financial statements on pages 46 to 107 were approved by the Board of Directors on 24 July 2015 and were signed on its behalf.

LAU Pak Fai, Peter
Director

NGAI Lai Ha
Director

Balance Sheet

As at 30 April 2015

		As at 30 April	
	Note	**2015 HK$'000**	2014 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	14	**109,370**	108,114
Current assets			
Other receivables and prepayments	18	**1,274**	336
Amounts due from subsidiaries	14	**442,608**	62,948
Cash and cash equivalents	20	**109,046**	401,467
		552,928	464,751
Total assets		**662,298**	572,865
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital and share premium	21	**591,274**	589,400
Reserves:	22 & 31		
– Proposed final dividend		**40,567**	32,551
– Others		**29,356**	(49,738)
Total equity		**661,197**	572,213
LIABILITIES			
Current liabilities			
Other payables	24	**178**	652
Amount due to subsidiaries	14	**923**	–
Total liabilities		**1,101**	652
Total equity and liabilities		**662,298**	572,865
Net current assets		**551,827**	464,099
Total assets less current liabilities		**661,197**	572,213

The notes on pages 54 to 107 are an integral part of these consolidated financial statements.

The financial statements on pages 46 to 107 were approved by the Board of Directors on 24 July 2015 and were signed on its behalf.

LAU Pak Fai, Peter
Director

NGAI Lai Ha
Director

Consolidated Statement of Changes in Equity

For the year ended 30 April 2015

		Attributable to owners of the Company				
		Share capital and share premium ***(Note 21)***	**Reserves** ***(Note 22)***	**Total**	**Non-controlling interest**	**Total equity**
	Note	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 May 2014		589,400	106,702	696,102	22,578	718,680
Comprehensive income:						
Profit/(loss) for the year		–	88,390	88,390	(9,151)	79,239
Other comprehensive loss:						
Currency translation differences		–	(1,093)	(1,093)	(768)	(1,861)
Total other comprehensive loss		–	(1,093)	(1,093)	(768)	(1,861)
Total comprehensive income		–	87,297	87,297	(9,919)	77,378
Total contributions by and distributions to owners of the Company recognised directly in equity:						
Employees share option scheme:						
– value of services provided		–	1,256	1,256	–	1,256
– exercise of options		2,687	–	2,687	–	2,687
Issuance of new shares for acquisition of business	*30*	1,416	–	1,416	–	1,416
Buy back of shares	*21(f)*	(2,229)	–	(2,229)	–	(2,229)
Non-controlling interest arising on business combination	*30*	–	–	–	1,499	1,499
Change of equity interest in subsidiaries without change of control	*29*	–	1,493	1,493	(1,826)	(333)
Dividend paid relating to 2014	*31*	–	(32,551)	(32,551)	–	(32,551)
Dividend paid relating to 2015	*31*	–	(35,556)	(35,556)	–	(35,556)
Total transaction with owners, recognised directly in equity		1,874	(65,358)	(63,484)	(327)	(63,811)
Balance at 30 April 2015		591,274	128,641	719,915	12,332	732,247

The notes on pages 54 to 107 are an integral part of these consolidated financial statements.

For the year ended 30 April 2015

	Note	Attributable to owners of the Company				
		Share capital and share premium *(Note 21)*	Reserves *(Note 22)*	Total	Non-controlling interest	Total equity
	Note	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 May 2013		1	263,028	263,029	19,965	282,994
Comprehensive income:						
Profit/(loss) for the year		–	144,365	144,365	(1,266)	143,099
Other comprehensive loss:						
Currency translation differences		–	(1,194)	(1,194)	(249)	(1,443)
Total other comprehensive loss		–	(1,194)	(1,194)	(249)	(1,443)
Total comprehensive income		–	143,171	143,171	(1,515)	141,656
Total contributions by and distributions to owners of the Company recognised directly in equity:						
Employees share option scheme:						
– value of services provided		–	1,127	1,127	–	1,127
– exercise of options		4,559	–	4,559	–	4,559
Compensation for waive of options	*22(b)*	–	(371)	(371)	–	(371)
Issue of new shares to the then equity holders		105,862	(105,862)	–	–	–
Issuance of new shares to public		505,800	–	505,800	–	505,800
Professional expenses in connection with the IPO		(26,822)	–	(26,822)	–	(26,822)
Issuance of ordinary shares to a non-controlling shareholder		–	–	–	4,648	4,648
Dividend paid to non-controlling interests of subsidiaries		–	–	–	(520)	(520)
Dividend paid relating to years before 2013	*31*	–	(55,000)	(55,000)	–	(55,000)
Dividend paid relating to 2013	*31*	–	(96,000)	(96,000)	–	(96,000)
Dividend paid relating to 2014	*31*	–	(43,391)	(43,391)	–	(43,391)
Total transaction with owners, recognised directly in equity		589,399	(299,497)	289,902	4,128	294,030
Balance at 30 April 2014		589,400	106,702	696,102	22,578	718,680

The notes on pages 54 to 107 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 April 2015

	Note	2015 HK$'000	2014 HK$'000
Cash flows from operating activities			
Cash generated from operations	26(a)	**142,149**	68,745
Income tax paid		**(29,655)**	(18,548)
Net cash generated from operating activities		**112,494**	50,197
Cash flows from investing activities			
Purchase of property, plant and equipment		**(76,865)**	(35,259)
Prepayment for purchase of property, plant and equipment		**(248)**	(12,656)
Proceeds from disposal of property, plant and equipment	26(b)	**6**	35
Net proceeds from sale of non-current asset held for sale		**–**	54,000
Acquisition of subsidiaries, net of cash acquired	30	**(1,331)**	–
Payments of remaining consideration for the acquisition of subsidiaries		**–**	(828)
Sale of financial assets at fair value through profit or loss		**–**	15,839
Interest received		**6,184**	4,628
Dividend received from financial assets at fair value through profit or loss		**–**	300
Increase in bank deposits with initial terms of over three months		**(516)**	(51)
Net cash (used in)/generated from investing activities		**(72,770)**	26,008
Cash flows from financing activities			
Partial payment of compensation for waive of options	22(b)	**–**	(964)
Proceeds from issuance of ordinary shares at IPO		**–**	505,800
Proceeds from exercise of share option		**2,687**	4,559
Proceeds from issuance of ordinary shares to a non-controlling shareholder		**–**	3,252
Repurchase of ordinary shares for cancellation		**(2,229)**	–
Addition in pledged bank deposits		**(16)**	(6)
Repayments of secured loan and short term bank loans		**–**	(3,221)
Net increase in trust receipt loans		**10,845**	4,446
Proceeds from loans due to non-controlling shareholders		**114**	549
Interest paid		**(1,620)**	(1,449)
Dividend paid		**(68,107)**	(194,391)
Dividend paid to non-controlling interests of subsidiaries		**–**	(520)
Proceeds paid for increase in equity interests in subsidiaries without change of control		**(333)**	–
Professional expenses paid in connection with the IPO		**(427)**	(40,187)
Net cash (used in)/generated from financing activities		**(59,086)**	277,868
Net (decrease)/increase in cash and cash equivalents		**(19,362)**	354,073
Cash and cash equivalents at beginning of the year		**466,432**	111,431
Exchange differences on cash and cash equivalents		**306**	928
Cash and cash equivalents at end of the year	20	**447,376**	466,432

The notes on pages 54 to 107 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

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

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

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

These consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 24 July 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**"). The consolidated financial statements have been prepared under the historical cost convention.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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

(i) The following standards, amendments to standards and interpretations to standards are mandatory for the Group's financial year beginning on 1 May 2014. The adoption of these standards, amendments and interpretations has not had any significant impact to the results and financial position of the Group.

HKAS 32 (Amendment)	Financial Instruments: Presentation on Asset and Liability Offsetting
HKAS 36 (Amendment)	Impairment of Assets on Recoverable Amount Disclosures
HKAS 39 (Amendment)	Financial Instruments: Recognitions and Measurement – Novation of derivatives
HKFRS 10, 12 and HKAS 27 (Amendments)	Consolidation for Investment Entities
HK (IFRIC) 21	Levies

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(ii) The following standards, amendments and interpretations have been issued but are not effective for the financial year beginning on 1 May 2014 and have not been early adopted by the Group:

		Effective for the accounting period beginning on or after
HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contributions	1 July 2014
HKAS 1 Amendment	Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants	1 January 2016
HKAS 27 Amendment	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 Amendment	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
Annual Improvements Project	Annual Improvements 2010-2012 Cycle and Annual Improvements 2011-2013 Cycle	1 July 2014
Annual Improvements Project	Annual Improvements 2012-2014 Cycle	1 January 2016

The Group is currently assessing the impact of the adoption of the above new standards, amendments to standards and interpretations that have been issued but are not effective for annual periods beginning on or after 1 May 2014, and does not expect there will be a significant impact to the Group's consolidated financial statements.

2.2 Subsidiaries

2.2.1 Consolidation

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation *(Continued)*

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.2 Separate financial statements

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

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

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

(c) Group companies

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

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

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

(iii) all resulting exchange differences are recognised as other comprehensive income.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Property, plant and equipment

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

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

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

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

Buildings	25 years
Furniture, fixtures and equipment	5 years
Computer equipment	5 years
Motor vehicles	3 $^1/_3$ years
Moulds	5 years
Machinery and equipment	5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

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

2.6 Intangible assets

(i) Goodwill

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Intangible assets *(Continued)*

(ii) Trademark

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

2.7 Impairment of non-financial assets

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

2.8 Inventories

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

2.9 Financial assets

2.9.1 Classification

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', and 'cash and cash equivalents' in the balance sheet. (Note 2.12 and 2.13)

2.9.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.10 Offsetting financial instruments

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Impairment of financial assets

Assets carried at amortised cost

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

2.12 Trade and other receivables

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (note 2.9).

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.14 Share capital

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Trade and other payables

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

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

2.16 Borrowings and borrowing costs

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

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

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

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

2.17 Current and deferred income tax

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

(a) Current income tax

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

(b) Deferred income tax

Inside basis differences

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Current and deferred income tax *(Continued)*

(b) Deferred income tax *(Continued)*

Outside basis differences

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

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

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

2.18 Employee benefits

(a) Employee leave entitlements

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

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

(b) Bonus plans

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

(c) Pension obligations

The Group has established a mandatory provident fund scheme ("MPF Scheme") in Hong Kong. The assets of the MPF Scheme are held in separate trustee-administered funds. Both the Group and the employees are required to contribute based on a fixed percentage of the employee's relevant income up to a maximum of HK$1,250 per employee per month until 30 June 2014. From 1 July 2014, the ceiling has increased from HK$1,250 to HK$1,500 per month.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Employee benefits *(Continued)*

(d) *Termination benefits*

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

2.19 Share-based payments

(a) *Equity-settled share-based payment transactions*

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

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

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

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

(b) *Share-based payment transactions among group entities*

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Provisions

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

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

2.21 Revenue recognition

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

(i) Sale of goods – wholesale

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

(ii) Sale of goods – retail

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

(iii) Licencing fees

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

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

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

(v) Sub-leasing rental income

These income are recognised on an accrual basis.

(vi) Interest income

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

(vii) Dividend income

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

2.22 Leases (as the lessee)

(i) Operating lease

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

(ii) Finance lease

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

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

2.23 Dividend distribution

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

2.24 Contingent liabilities

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

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

2.25 Financial guarantee contracts

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

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

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Market risk

(i) Foreign currency risk

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

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

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

At 30 April 2015, if Hong Kong dollar had weakened/strengthened by 5% against Renminbi with all other variables held constant, post-tax profit for the year would have been HK$4,055,000 (2014: HK$3,913,000) higher/lower respectively, mainly as a result of foreign exchange gains/losses on translation of Renminbi dollar-denominated cash and cash equivalents.

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

(ii) Cash flow and fair value interest rate risk

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

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk

Credit risk includes risks resulting from counter party default and risks of concentration. The Group has no significant credit risk as the retail sales are made in cash or by credit cards. In respect of trade receivables, the credit risk is considered to be low as most sales are made to franchisees and customers with long business relationships and with no history of default. In the opinion of the directors, the default risk is considered to be low.

The Group has concentration of credit risk as receivables from several wholesales customers represented all of the Group's trade receivables at the balance sheet date. However, the Group has policies in place for the control and monitoring of relevant credit risks. These credit evaluations focus on the customer 's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The directors are of the opinion that the Group does not have significant credit risks because the Group mainly trades with customers who have established trading history with the Group. The exposure to credit risk is closely monitored on an ongoing basis.

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

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

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity Risk

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

The table below analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	On demand HK$'000	Less than 1 year HK$'000	Over 1 year HK$'000	Total HK$'000
Group				
At 30 April 2015				
Trust receipt loans subject to a repayment on demand clause	**75,130**	**–**	**–**	**75,130**
Trade and other payable	**–**	**184,646**	**–**	**184,646**
Amount due to a non-controlling shareholder of a subsidiary	**–**	**1,147**	**–**	**1,147**
Loans due to non-controlling shareholders of subsidiaries	**–**	**450**	**2,686**	**3,136**
	75,130	**186,243**	**2,686**	**264,059**
At 30 April 2014				
Trust receipt loans subject to a repayment on demand clause	64,094	–	–	64,094
Trade and other payable	–	169,325	–	169,325
Amount due to non-controlling shareholders of subsidiaries	–	247	–	247
Loans due to non-controlling shareholders of subsidiaries	–	2,587	499	3,086
	64,094	172,159	499	236,752

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) *Liquidity Risk* *(Continued)*

	On demand HK$'000	Less than 1 year HK$'000	Total HK$'000
Company			
At 30 April 2015			
Amount due to subsidiaries	923	–	923
Other payables	–	178	178
	923	178	1,101
At 30 April 2014			
Other payables	–	652	652

3.2 Capital risk management

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

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

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

The gearing ratios at 30 April 2015 and 2014 were as follows:

	As at 30 April	
	2015 HK$'000	2014 HK$'000
Total borrowings and loans from non-controlling shareholders	**78,200**	64,094
Total equity	**732,247**	718,680
Gearing ratio	**10.7%**	8.9%

3.3 Fair value estimation

The carrying amounts of the Group's and Company's financial assets including trade and other receivables, amount due from shareholders, pledged cash deposits, bank deposits with initial terms of over three months and cash and cash equivalents; and financial liabilities including trade and other payables, amount due to a non-controlling shareholder of a subsidiary, loan due to non-controlling shareholders of subsidiaries and borrowings approximate their fair values due to their short maturities. The fair value of financial instrument that is not traded in an active market is determined by using valuation techniques.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting estimate will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill, property, plant and equipment and trademarks

The Group test annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7. The recoverable amounts of cash-generating units are determined based on value-in-use calculations or fair value less costs to sell calculations. These calculations require the use of estimates.

The Group tests where the property, plant and equipment and trademarks have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with the accounting policy stated in Note 2.7. The recoverable amount of property, plant and equipment and trademarks has been determined as the higher of its value in use and its fair value less costs to sell.

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

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

(c) Write-downs of inventories

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

(d) Income tax

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(e) Deferred income tax

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

(f) Share-based payment

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

5 SEGMENT INFORMATION

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

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

(i) Retail*

(ii) Wholesales

(iii) Licencing and others

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

* Including consignment sales commission income.

5 SEGMENT INFORMATION *(Continued)*

The segment information provided to the executive directors for the reportable segments for the year ended 30 April 2015 is as follows:

	Retail HK$'000	Wholesales HK$'000	Licencing and others HK$'000	Total HK$'000
Segment revenue (all from external customers)	1,924,621	26,459	199	1,951,279
Cost of sales	(1,026,090)	(22,399)	–	(1,048,489)
Segment results	898,531	4,060	199	902,790
Gross profit %**	46.69%	15.34%	–	46.27%
Other income				16,675
Other losses, net				(1,566)
Distribution and advertising expenses				(53,328)
Administrative and other operating expense				(768,996)
Operating profit				95,575
Finance income				6,184
Finance costs				(1,691)
Profit before income tax				100,068
Income tax expense				(20,829)
Profit for the year				79,239

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

5 SEGMENT INFORMATION *(Continued)*

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

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

Segment revenue reported above represents revenue generated from external customers. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The turnover from the Group's largest customer amounted to less than 10% of the Group's total turnover for each of the years ended 30 April 2015 and 2014.

5 SEGMENT INFORMATION *(Continued)*

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

	Year ended 30 April	
	2015	2014
	HK$'000	HK$'000
Hong Kong	**1,651,154**	1,489,652
Mainland China	**4,945**	4,306
Singapore	**238,213**	200,128
Malaysia	**20,407**	19,117
Macau	**36,560**	33,635
	1,951,279	1,746,838

The total of non-current assets, other than intangible assets and deferred income tax assets of the Group as at 30 April 2015 and 2014 are as follows:

	As at 30 April	
	2015	2014
	HK$'000	HK$'000
Hong Kong	**130,739**	79,343
Mainland China	**17,169**	15,285
Singapore	**32,702**	28,737
Malaysia	**7,155**	9,970
Macau	**2,889**	2,047
	190,654	135,382

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

6 OTHER INCOME – NET

	Group	
	2015	2014
	HK$'000	HK$'000
Advertising and promotion income	**9,801**	11,814
Sub-leasing rental income	**3,957**	3,352
Tax indemnity from shareholders *(note 11)*	**465**	–
Dividend income from financial assets at fair value through profit or loss	**–**	300
Sundry income	**2,452**	2,283
	16,675	17,749

7 OTHER (LOSSES)/GAINS – NET

	Group	
	2015	2014
	HK$'000	HK$'000
Financial assets at fair value through profit or loss		
– Realised loss on disposal	**–**	(2,520)
Loss on disposal of property, plant and equipment, net *(note 26(b))*	**(1,566)**	(1,159)
Gain on disposal of non-current asset held for sale	**–**	46,469
Compensation for waiver of options *(note 22(b))*	**–**	(864)
	(1,566)	41,926

8 EXPENSES BY NATURE

	Group	
	2015	2014
	HK$'000	HK$'000
Auditors' remuneration	**2,543**	3,031
Air conditioning expenses	**12,063**	10,523
Advertising and promotion expenses	**13,445**	13,722
Amortisation of trademark *(note 16)*	**630**	613
Building management fees	**30,934**	27,742
Cost of sales	**1,048,489**	934,309
Delivery charges	**36,689**	29,654
Depreciation expense *(note 15)*		
– owned property, plant and equipment	**32,530**	27,412
Employee benefit expense (including directors' emoluments) *(note 9)*	**282,136**	238,674
Government rates	**10,207**	7,961
Legal and professional fee		
– incurred for initial public offering	**–**	9,828
– others	**4,213**	3,410
Operating lease rental in respect of		
– office premises and warehouses	**27,084**	19,825
– retails shops	**296,963**	248,081
Repair and maintenance	**7,602**	8,207
Utility expenses	**28,225**	24,822
Net exchange losses	**89**	3,255
Others	**36,971**	31,026
Total cost of sales, distribution and advertising expenses, and administrative and other operating expenses	**1,870,813**	1,642,095

9 EMPLOYEE BENEFIT EXPENSES

	Group	
	2015	2014
	HK$'000	HK$'000
Salaries and bonuses	**264,246**	222,747
Pension costs – defined contribution plans	**14,168**	11,502
Other employee benefits	**2,466**	3,298
Share-based compensation	**1,256**	1,127
	282,136	238,674

(a) Directors' emoluments

The remuneration of each director for the year ended 30 April 2015 is set out below:

Name of Director	Fees HK$'000	Discretionary bonus HK$'000	Salary allowances and benefits in kind HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Executive directors:					
Lau Pak Fai, Peter	264	–	2,503	18	2,785
Ngai Lai Ha	264	–	2,422	18	2,704
Cheng Sing Yuk	120	–	1,292	18	1,430
Non-executive directors:					
Chung Tak Wai *(Note i)*	60	–	–	–	60
Yeung Yiu Keung	120	–	–	–	120
Independent non-executive Directors:					
Tsui Ka Yiu *(Note i)*	60	–	–	–	60
Lo Wing Yan William	300	–	–	–	300
Huang Lester Garson	300	–	–	–	300
Mang Wing Ming, Rene *(Note ii)*	60	–	–	–	60
	1,548	–	6,217	54	7,819

9 EMPLOYEE BENEFIT EXPENSES *(Continued)*

(a) Directors' emoluments

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

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

No directors waived any emoluments during the year ended 30 April 2015 (2014: Nil).

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

In addition to the directors' emoluments disclosed above, the estimated value of share options granted to Lau Pak Fai, Peter, Ngai Lai Ha, Cheng Sing Yuk and Mang Wing Ming, Rene amounted to HK$114,000, HK$114,000, HK$151,000 and HK$14,000 respectively (2014: HK$18,000, HK$18,000, HK$131,000 and nil respectively). Including the estimated value of the share options granted, total remuneration of Lau Pak Fai, Peter, Ngai Lai Ha, Cheng Sing Yuk and Mang Wing Ming, Rene for amounted to HK$2,899,000, HK$2,818,000, HK$1,581,000 and HK$74,000 respectively. (2014: HK$2,454,000, HK$2,378,000, HK$1,443,000 and nil respectively).

Notes:

(i) Resigned on 1 November 2014

(ii) Appointed on 1 November 2014

9 EMPLOYEE BENEFIT EXPENSES *(Continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2014: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2014: two) individuals during the year are as follows:

	Group	
	2015 HK$'000	2014 HK$'000
Salaries and bonuses	**2,256**	3,180
Pension cost – defined contribution plans	**29**	30
	2,285	3,210

The emoluments fell within the following bands:

	Number of individuals	
	2015	2014
Emolument bands		
HK$Nil to HK$1,000,000	**–**	–
HK$1,000,001 – HK$1,500,000	**2**	1
HK$1,500,001 – HK$2,000,000	**–**	–
HK$2,000,001 – HK$2,500,000	**–**	1
	2	2

(c) During the year ended 30 April 2015, no emoluments were paid by the Company to any of directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2014: Nil).

10 FINANCE INCOME AND COSTS

	Group	
	2015	2014
	HK$'000	HK$'000
Interest expense:		
– secured bank loans wholly repayable within five years	**–**	14
– trust receipt loans and bank overdrafts	**1,620**	1,368
– loan from a non-controlling shareholder of a subsidiary	**71**	67
Finance expenses	**1,691**	1,449
Finance income:		
Interest income on short-term bank deposits	**(6,184)**	(4,628)
Finance income – net	**(4,493)**	(3,179)

11 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	Group	
	2015	2014
	HK$'000	HK$'000
Current income tax		
– Hong Kong profits tax	**21,318**	23,336
– Overseas taxation	**585**	488
– (Over)/under provisions in prior years	**(240)**	373
Deferred income tax *(Note 23)*	**(834)**	301
	20,829	24,498

11 INCOME TAX EXPENSE *(Continued)*

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

	Group	
	2015 HK$'000	2014 HK$'000
Profit before income tax	**100,068**	167,597
Tax calculated at domestic tax rates applicable to profits in the respective countries	**14,885**	26,685
Tax effects of:		
– Income not subject to tax	**(1,401)**	(8,513)
– Expenses not deductible for tax purposes	**1,840**	3,140
– Tax incentives	**–**	(251)
– Tax losses for which no deferred income tax asset was recognised	**5,579**	2,670
– Others	**166**	394
(Over)/under provisions in prior years	**(240)**	373
Income tax expense	**20,829**	24,498

The weighted average applicable tax rate was 14.9% (2014: 15.9%).

As at balance sheet date, the Hong Kong Inland Revenue Department was conducting a field audit on three subsidiaries of the Group and had issued additional assessments for 2003/04 to 2008/09 to the three subsidiaries, demanding tax totalling HK$16,685,000. These assessments were protective assessments issued before the expiry of the statutory time-barred period pending the result of the field audit.

The management has recorded income tax provision of HK$2,113,000 (as at 30 April 2014: HK$1,648,000) in the Group's consolidated balance sheet as at 30 April 2015 to cover the total potential additional tax, penalty surcharge and interest in relation to the field audit case. Based on the advice sought from the Group's tax representative and self-assessment, the management considers that this amount is appropriate to reflect the Group's additional liability based on the current status of the case.

Mr. Lau Pak Fai, Peter and Ms. Ngai Lai Ha, directors of the Company, and Red Home Holdings 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.

12 EARNINGS PER SHARE

(a) Basic

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

	2015 HK$'000	2014 HK$'000
Profit attributable to owners of the Company (HK$'000)	**88,390**	144,365
Weighted average number of ordinary shares in issue (in thousands)	**724,467**	649,306
Basic earnings per share attributable to owners of the Company (HK cents per share)	**12.2**	22.2

(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 one category of dilutive potential ordinary share: share options. For share options, the number of shares that would have been issued assuming the 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.

	2015 HK$'000	2014 HK$'000
Profit attributable to owners of the Company (HK$'000)	**88,390**	144,365
Weighted average number of ordinary shares in issue (in thousands)	**724,467**	649,306
Adjustments for:		
– Share options (thousands)	**1,785**	2,778
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	**726,252**	652,084
Diluted earnings per share attributable to owners of the Company (HK cents per share)	**12.2**	22.1

13 PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of HK$153,961,000 (2014: HK$32,657,000).

14 INVESTMENTS IN AND AMOUNTS DUE FROM/TO SUBSIDIARIES – COMPANY

	Company	
	2015 HK$'000	2014 HK$'000
Investment, at cost:		
Unlisted shares	**105,863**	105,863
Capital contribution relating to share-based payment	**3,507**	2,251
	109,370	108,114
Amounts due from subsidiaries *(Note (b))*	**442,608**	62,948
Amount due to subsidiaries *(Note (b))*	**923**	–

(a) Investments in subsidiaries

The following is a list of subsidiaries at 30 April 2015:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued/registered share capital	2015 Interest held	2014 Interest held
Matusadona Investment Limited*	British Virgin Islands, limited company	Investment holding in Hong Kong	US$100	**100%**	100%
Japan Home Centre (H.K.) Limited#	Hong Kong, limited company	Retail sales of housewares products in Hong Kong	HK$202	**100%**	100%
JHC (International) Limited#	Hong Kong, limited company	Export of housewares products and provision of management services in Hong Kong	HK$10,000	**100%**	100%
Japan Home Centre (Management) Limited#	Hong Kong, limited company	Licencing of franchise rights and provision of management services in Hong Kong	HK$10,000	**100%**	100%
JHC (Plastics) Limited#	Hong Kong, limited company	Manufacturing of housewares products in Hong Kong	HK$1,375,000	**60%**	60%
JHC (Mirror) Limited#	Hong Kong, limited company	Manufacturing of housewares products in Hong Kong	HK$866,666	**60%**	60%
JHC (Taiwan) Limited#	Taiwan, limited liability company	Trading of housewares products in Taiwan	NT$1,000,000	**100%**	100%
Japan Home (Retail) Pte. Ltd. #	Singapore, limited liability company	Retail sales of housewares products in Singapore	S$5,875,000	**60%**	60%
JHC Retail (M) Sdn. Bhd# *(Note 29)*	Malaysia, limited liability company	Retail sales of housewares products in Malaysia	MYR$4,471,485	**59.6%**	58.3%

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

(a) Investments in subsidiaries *(Continued)*

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued/registered share capital	2015 Interest held	2014 Interest held
Familj (China) Limited# *(Note 29)*	Hong Kong limited liability company	Investment holding in Hong Kong	HK$292,000	**100%**	85.6%
JHC (China) Limited#	Hong Kong, limited liability company	Dormant	HK$100	**100%**	100%
泛美家貿易(深圳)有限公司#	Mainland China, limited liability company	Inactive	HK$1,000,000	**100%**	100%
易生活(南京)百貨有限公司#	Mainland China, limited liability company	Retail sales of housewares products in Nanjing, Mainland China	RMB27,443,321	**100%**	85.6%
Japan Home Centre (Macau) Single-Member Company Limited#	Macau, limited company	Retail sales of housewares products in Macau	MOP$100,000	**100%**	100%
JHC Ella Limited# *(Note (i))*	Hong Kong, limited company	Retail sales of gifts and accessories products in Hong Kong	HK$12,253,333	**70%**	–
Conpark International Investment Limited# *(Note (ii))*	Hong Kong, limited company	Investment of properties in Hong Kong	HK$1	**100%**	–
Delight Fame Investment Limited# *(Note (iii))*	Hong Kong, limited company	Dormant	HK$1	**100%**	–

* Equity interest directly held by the Company.

\# Equity interest indirectly held by the Company.

Notes:

(i) JHC Ella Limited was newly incorporated on 17 October 2014.

(ii) Conpark International Investment Limited was newly incorporated on 3 November 2014.

(iii) Delight Fame Investment Limited was newly acquired subsidiary on 27 January 2015.

(b) Amounts due from/to subsidiaries

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

(c) Material non-controlling interests

The total non-controlling interest as at 30 April 2015 is HK$12,332,000 (2014: HK$22,578,000) attributable to Japan Home (Retail) Pte. Ltd., JHC Retail (M) Sdn. Bhd, JHC (Plastic) Limited, JHC (Mirror) Limited and JHC Ella Limited. The non-controlling interests in respect of these companies are not material.

15 PROPERTY, PLANT AND EQUIPMENT – GROUP

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Moulds HK$'000	Machinery and equipment HK$'000	Total HK$'000
At 1 May 2013								
Cost	–	99,623	79,354	14,816	4,183	4,125	2,788	204,889
Accumulated depreciation	–	(68,058)	(52,948)	(10,008)	(1,743)	(4,125)	(1,776)	(138,658)
Net book amount	–	31,565	26,406	4,808	2,440	–	1,012	66,231
Year ended 30 April 2014								
Opening net book amount	–	31,565	26,406	4,808	2,440	–	1,012	66,231
Additions	357	14,897	17,777	2,324	–	–	261	35,616
Disposals *(note 26(b))*	–	(1,132)	(62)	–	–	–	–	(1,194)
Depreciation *(note 8)*	(14)	(12,600)	(11,267)	(1,924)	(1,121)	–	(486)	(27,412)
Exchange difference	–	(308)	(318)	(38)	(25)	–	–	(689)
Closing net book amount	343	32,422	32,536	5,170	1,294	–	787	72,552
At 30 April 2014								
Cost	357	111,968	97,015	17,140	4,183	4,125	3,049	237,837
Accumulated depreciation	(14)	(79,546)	(64,479)	(11,970)	(2,889)	(4,125)	(2,262)	(165,285)
Net book amount	343	32,422	32,536	5,170	1,294	–	787	72,552
Year ended 30 April 2015								
Opening net book amount	343	32,422	32,536	5,170	1,294	–	787	72,552
Acquisition of business *(note 30)*	–	928	2	8	–	–	–	938
Additions	42,618	17,843	14,276	2,185	1,902	–	465	79,289
Disposals *(note 26(b))*	–	(1,569)	(3)	–	–	–	–	(1,572)
Depreciation *(note 8)*	(136)	(15,496)	(12,895)	(2,264)	(1,314)	–	(425)	(32,530)
Exchange difference	–	(467)	(924)	(89)	(36)	–	–	(1,516)
Closing net book amount	42,825	33,661	32,992	5,010	1,846	–	827	117,161
At 30 April 2015								
Cost	42,975	126,595	111,286	19,333	6,085	4,125	3,514	313,913
Accumulated depreciation	(150)	(92,934)	(78,294)	(14,323)	(4,239)	(4,125)	(2,687)	(196,752)
Net book amount	42,825	33,661	32,992	5,010	1,846	–	827	117,161

Depreciation expense of HK$32,530,000 (2014: HK$27,412,000) has been charged in administrative and other operating expenses (Note 8).

16 INTANGIBLE ASSETS – GROUP

	Goodwill HK$'000	Trademark HK$'000	Total HK$'000
As at 1 May 2013			
Cost	6,658	24,370	31,028
Accumulated amortisation	–	(926)	(926)
Exchange realignment	–	699	699
Net book amount	6,658	24,143	30,801
Year ended 30 April 2014			
Opening net book amount	6,658	24,143	30,801
Currency translation differences	–	(472)	(472)
Amortisation charge *(note 8)*	–	(613)	(613)
Closing net book amount	6,658	23,058	29,716
As at 30 April 2014			
Cost	6,658	24,370	31,028
Accumulated amortisation	–	(1,539)	(1,539)
Exchange realignment	–	227	227
Net book amount	6,658	23,058	29,716
Year ended 30 April 2015			
Opening net book amount	6,658	23,058	29,716
Acquisition of business *(note 30)*	–	2,239	2,239
Currency translation differences	–	(1,222)	(1,222)
Amortisation charge *(note 8)*	–	(630)	(630)
Closing net book amount	6,658	23,445	30,103
As at 30 April 2015			
Cost	6,658	26,609	33,267
Accumulated amortisation	–	(2,169)	(2,169)
Exchange realignment	–	(995)	(995)
Net book amount	6,658	23,445	30,103

Amortisation expense of HK$630,000 (2014: HK$613,000) is included in administrative and other operating expenses (Note 8).

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

16 INTANGIBLE ASSETS – GROUP *(Continued)*

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

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

17 FINANCIAL INSTRUMENTS BY CATEGORY – GROUP AND COMPANY

	Group Loans and receivables	
	2015 HK$'000	2014 HK$'000
Assets as per balance sheet		
Trade and other receivables	**115,111**	93,360
Amount due from shareholders	**465**	–
Pledged bank deposits	**6,533**	6,517
Bank deposits with initial terms of over three months	**567**	51
Cash and cash equivalents	**447,376**	466,432
Total	**570,052**	566,360

	Financial liabilities at amortised cost	
	2015 HK$'000	2014 HK$'000
Liabilities as per balance sheet		
Trade and other payables	**184,646**	169,325
Amount due to a non-controlling shareholder of a subsidiary	**1,147**	247
Loans due to non-controlling shareholders of subsidiaries	**3,070**	3,068
Bank borrowings	**75,130**	64,094
Total	**263,993**	236,734

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

	Company Loans and receivables	
	2015 HK$'000	2014 HK$'000
Assets as per balance sheet		
Amounts due from subsidiaries	**442,608**	62,948
Cash and cash equivalents	**109,046**	401,467
Other receivables	**1,143**	75
Total	**552,797**	464,490

	Financial liabilities at amortised cost	
	2015 HK$'000	2014 HK$'000
Liabilities as per balance sheet		
Amount due to subsidiaries	**923**	–
Other payables	**178**	652
Total	**1,101**	652

18 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Trade receivables	**6,721**	3,356	**–**	–
Prepayments	**16,959**	17,408	**131**	261
Deposits and other receivables	**108,390**	90,004	**1,143**	75
	132,070	110,768	**1,274**	336
Less non-current portion:				
Deposits	**(60,763)**	(50,459)	**–**	–
Prepayment for purchase of property, plant and equipment	**(12,730)**	(12,371)	**–**	–
	(73,493)	(62,830)	**–**	–
Current portion	**58,577**	47,938	**1,274**	336

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

18 TRADE AND OTHER RECEIVABLES *(Continued)*

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

	Group	
	2015	2014
	HK$'000	HK$'000
Up to 3 months	**6,721**	3,356

As of 30 April 2015, trade receivables of HK$4,947,000 (2014: HK$2,479,000) were past due but not impaired. These relate to a number of independent franchisees and customers for whom there is no recent history of default. The ageing analysis of these trade receivables based on invoice dates is as follows:

	Group	
	2015	2014
	HK$'000	HK$'000
Up to 3 months	**4,947**	2,479

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

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

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

	Group	
	2015	2014
	HK$'000	HK$'000
United States dollars	**5,270**	2,735
Hong Kong dollars	**86,524**	71,655
Singapore dollars	**21,266**	17,249
Malaysian Ringgit	**2,167**	2,788
Renminbi	**15,112**	14,888
Taiwan New Dollar	**273**	417
Macau Patacas	**1,458**	1,032
Japanese Yen	**–**	4
	132,070	110,768

19 INVENTORIES – GROUP

	Group	
	2015	2014
	HK$'000	HK$'000
Merchandise	**294,952**	308,735

The cost of inventories recognised as an expense and included in cost of sales amounted to HK$1,048,489,000 (2014: HK$934,309,000) (Note 8).

20 CASH AND BANK BALANCES – GROUP AND COMPANY

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and on hand	**143,153**	67,511	**7,122**	3,355
Short-term bank deposits	**311,323**	405,489	**101,924**	398,112
	454,476	473,000	**109,046**	401,467
Less: pledged bank deposits	**(6,533)**	(6,517)	**–**	–
Less: bank deposits with initial terms of over three months	**(567)**	(51)	**–**	–
Cash and cash equivalents	**447,376**	466,432	**109,046**	401,467
Maximum exposure to credit risk	**450,825**	470,036	**109,046**	401,467

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

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

	Group	
	2015 HK$'000	2014 HK$'000
United States dollars	**13,586**	3,758
Hong Kong dollars	**326,712**	352,508
Singapore dollars	**1,552**	2,138
Malaysian Ringgit	**1,967**	2,736
Renminbi	**103,984**	104,500
Taiwan New Dollar	**760**	1,697
Macau Patacas	**4,633**	5,024
Japanese Yen	**1,282**	639
	454,476	473,000

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

	Company	
	2015 HK$'000	2014 HK$'000
Hong Kong dollars	**6,902**	303,159
Renminbi	**102,144**	98,308
	109,046	401,467

21 SHARE CAPITAL AND SHARE PREMIUM – GROUP AND COMPANY

	Group and Company			
	Number of shares (thousands)	Share capital HK$'000	Share premium HK$'000	Total HK$'000
At 1 May 2012 and 30 April 2013 *(note (a))*	1	1	–	1
Issuance of new shares to then equity holders *(note (b))*	9,999	999	104,863	105,862
Capitalisation issue *(note (c))*	530,000	53,000	(53,000)	–
Issue of new shares to the public *(note (d))*	180,000	18,000	487,800	505,800
Exercise of options *(note (e))*	3,216	322	4,237	4,559
Cost for initial public offering incurred during the period	–	–	(24,126)	(24,126)
Cost of initial public offering previously deferred	–	–	(2,696)	(2,696)
At 30 April 2014	723,216	72,322	517,078	589,400
Issuance of new shares for acquisition of business *(note 30)*	800	80	1,336	1,416
Buy back of shares *(note (f))*	(1,225)	(123)	(2,106)	(2,229)
Exercise of options *(note (e))*	1,620	162	2,525	2,687
At 30 April 2015	724,411	72,441	518,833	591,274

Notes:

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

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

(b) On 10 September 2013, the Company issued and allotted 5,999,400 and 3,999,600 ordinary shares at HK$0.1 per share to Hiluleka and Red Home respectively to acquire 6,000,000 shares and 4,000,000 shares of Matusadona Investments Limited ("**Matusadona**") from Hiluleka and Red Home respectively, representing an aggregate of 100% of the total issued share of Matusadona. Matusadona was the then holding company of all subsidiaries of the Group.

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

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

(e) During the current year, approximately 1,620,000 (2014: 3,216,000) shares were issued and allotted upon the exercise of options granted under the share option scheme.

(f) The Company acquired 1,225,000 of its own shares through purchases on the Hong Kong Stock Exchange from 26 March 2015 to 22 April 2015. The total amount paid to acquire the shares was HK$2,229,000 and has been deducted from share capital and share premium.

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

Share options

The Company operates two share option schemes as described below:

(i) *Pre-IPO Share Option Scheme*

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

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

(ii) *Share Option Scheme*

The Company has adopted a share option scheme, which will remain in force for 10 years up to 2023. Share options may be granted to any directors (excluding independent non-executive Directors), any senior managers or any employees (whether full-time or part-time) of each member of our Group. The subscription price is determined by the Board and shall be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of offer, which must be a business day (ii) the average closing price of the shares as stated in the daily quotation sheets for the 5 business days immediately preceding the date of offer. The Group has no legal or constructive obligation to repurchase or settle these options in cash. A total of approximately 2,660,000 (2014: 2,072,000) options under this scheme have been granted during the year.

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

	Group and Company	
	Average exercise price in HK$ per share	Options (thousands)
At 1 May 2014	2.25	7,280
Granted	1.93	2,660
Exercised	1.66	(1,620)
Forfeited	2.59	(719)
At 30 April 2015	2.23	7,601
At 1 May 2013	1.53	8,424
Granted	3.86	2,072
Exercised	1.42	(3,216)
At 30 April 2014	2.25	7,280

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

Share options *(Continued)*

(ii) Share Option Scheme *(Continued)*

Out of the 7,601 thousand outstanding share options (2014: 7,280 thousand), 2,742 thousand options (2014: 1,505 thousand) were exercisable. Options exercised in 2015 resulted in 1,620 thousand shares (2014: 3,216 thousand) being issued at a weighted average price of HK$1.66 (2014: HK$1.42).

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

		Group and Company	
Expiry date	**Exercise price in HK$ per share option**	**Options (thousands)**	
		2015	2014
11 October 2018	1.04	**632**	632
11 October 2019	1.39	**883**	1,434
30 April 2020	1.39	**–**	289
15 October 2020	1.86	**1,651**	2,853
27 February 2022	3.86	**1,775**	2,072
11 November 2022	1.93	**2,660**	–
At 30 April 2015		**7,601**	7,280

The weighted average fair value of options granted during the year determined using the Black-Scholes valuation model was HK$0.35 per option (2014: HK$0.45). The significant inputs into the model were share price of HK$1.93 (2014: HK$3.86) at the grant date, exercise price shown above, volatility of 38.7% (2014: 25.1%), dividend yield of 5.0% (2014: 3.7%), an expected option life of 248 days (2014: 341 days), and an annual risk-free interest rate of 0.6% (2014: 0.5%). The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices of the Company's comparable companies over the last three years. See Note 8 for the total expense recognised in the income statement for share options granted to directors and employees.

22 RESERVES – GROUP AND COMPANY

	Group					
	Merger reserve *(note (a))* HK$'000	Share-based compensation reserve HK$'000	Capital reserve *(note (b))* HK$'000	Translation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
Balance at 1 May 2013	(485)	1,124	371	632	261,386	263,028
Profit for the year	–	–	–	–	144,365	144,365
Currency translation differences	–	–	–	(1,194)	–	(1,194)
Employees share option scheme:						
– Value of employee services *(note 9)*	–	1,127	–	–	–	1,127
Compensation for waiver of options *(note (b))*	–	–	(371)	–	–	(371)
Issue of shares to then equity holders	(105,862)	–	–	–	–	(105,862)
Dividend related to years before 2013 *(note 31)*	–	–	–	–	(55,000)	(55,000)
Dividend related to 2013 *(note 31)*	–	–	–	–	(96,000)	(96,000)
Dividend related to 2014 *(note 31)*	–	–	–	–	(43,391)	(43,391)
Balance at 30 April 2014	(106,347)	2,251	–	(562)	211,360	106,702
Profit for the year	–	–	–	–	88,390	88,390
Currency translation differences	–	–	–	(1,093)	–	(1,093)
Employees share option scheme:						
– Value of employee services *(note 9)*	–	1,256	–	–	–	1,256
Change of equity interest in subsidiaries without change of control *(note 29)*	–	–	1,493	–	–	1,493
Dividend related to 2014 *(note 31)*	–	–	–	–	(32,551)	(32,551)
Dividend related to 2015 *(note 31)*	–	–	–	–	(35,556)	(35,556)
Balance at 30 April 2015	(106,347)	3,507	1,493	(1,655)	231,643	128,641

22 RESERVES – GROUP AND COMPANY *(Continued)*

	Company		
	Share-based compensation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
Balance at 30 April 2013	–	(8,704)	(8,704)
Profit for the year	–	32,657	32,657
Employees share option scheme:			
– Value of employee services	1,127	–	1,127
– Issuance of share options from the Pre-IPO share option scheme *(note 21(i))*	1,124	–	1,124
Dividend related to 2014 *(Note 31)*	–	(43,391)	(43,391)
Balance at 30 April 2014	2,251	(19,438)	(17,187)
Profit for the year	–	153,961	153,961
Employees share option scheme:			
– Value of employee services	1,256	–	1,256
Dividend related to 2014 *(Note 31)*	–	(32,551)	(32,551)
Dividend related to 2015 *(Note 31)*	–	(35,556)	(35,556)
Balance at 30 April 2015	3,507	66,416	69,923

Notes:

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

The merger reserve of HK$485,000 represents the difference between the aggregate nominal value of the share capital of these subsidiaries at the date on which they were acquired by Matusadona and the nominal amount of the share capital issued by Matusadona as consideration for the acquisition.

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

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

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

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

23 DEFERRED INCOME TAX – GROUP

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

	Group	
	2015 HK$'000	2014 HK$'000
Deferred tax assets:		
– To be recovered after more than 12 months	**4,781**	4,237
– To be recovered within 12 months	**576**	682
	5,357	4,919
Deferred income tax liabilities:		
– To be settled after more than 12 months	**(2,451)**	(2,934)
– To be settled within 12 months	**(11)**	(55)
	(2,462)	(2,989)
Deferred tax assets (net)	**2,895**	1,930

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

	Group HK$'000
At 1 May 2013	2,212
Charged to consolidated income statement *(note 11)*	(301)
Currency translation differences	19
At 30 April 2014	1,930
Charged to consolidated income statement *(note 11)*	834
Currency translation differences	131
At 30 April 2015	2,895

23 DEFERRED INCOME TAX – GROUP *(Continued)*

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

	Group		
	Decelerated tax depreciation HK$'000	Unrealised profit HK$'000	Total HK$'000
Deferred tax assets			
At 1 May 2013	3,348	449	3,797
Credited to the consolidated income statement	889	246	1,135
Currency translation differences	–	(13)	(13)
At 30 April 2014	4,237	682	4,919
Credited/(charged) to the consolidated income statement	544	(119)	425
Currency translation differences	–	13	13
At 30 April 2015	4,781	576	5,357

	Group
	Accelerated tax depreciation HK$'000
Deferred tax liabilities	
At 1 May 2013	1,585
Charged to the income statement	1,436
Currency translation differences	(32)
At 30 April 2014	2,989
Credited to the income statement	(409)
Currency translation differences	(118)
At 30 April 2015	2,462

Deferred income tax assets are recognised for tax loss carry-forward to the extent that the realisation of the related tax benefit through future taxable profit is probable. The Group did not recognise deferred income tax assets of approximately HK$11,185,000 (2014: HK$5,606,000) in respect of losses amounting to approximately HK$49,539,000 (2014: HK$23,414,000) that can be carried forward against future taxable income.

23 DEFERRED INCOME TAX – GROUP *(Continued)*

	Group	
	2015	2014
	HK$'000	HK$'000
With no expiry date	**34,759**	14,929
Expiry in 2017	**360**	360
Expiry in 2018	**3,245**	3,245
Expiry in 2019	**4,880**	4,880
Expiry in 2020	**6,295**	–
	49,539	23,414

24 TRADE AND OTHER PAYABLES AND PROVISION FOR REINSTATEMENT COST

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current				
Trade payables	**151,148**	143,616	**–**	–
Accrual for cost of initial public offering	**–**	427	**–**	427
Other payables and accruals	**33,498**	25,282	**178**	225
Deposit received	**181**	177	**–**	–
Receipts in advance and cash coupons	**3,206**	747	**–**	–
Provision for employee benefits	**5,935**	7,709	**–**	–
	193,968	177,958	**178**	652
Non-current				
Provision for reinstatement cost	**2,134**	–	**–**	–
	196,102	177,958	**178**	652

24 TRADE AND OTHER PAYABLES AND PROVISION FOR REINSTATEMENT COST *(Continued)*

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

	Group	
	2015 HK$'000	2014 HK$'000
0–30 days	**76,325**	45,916
31–60 days	**31,178**	48,365
61–90 days	**22,105**	20,387
91–120 days	**19,984**	23,732
Over 120 days	**1,556**	5,216
	151,148	143,616

The carrying amounts of trade and other payable and provision for reinstatement cost are denominated in the following currencies:

	Group	
	2015 HK$'000	2014 HK$'000
United States dollars	**674**	4,112
Hong Kong dollars	**167,998**	155,065
Singapore dollars	**23,986**	12,835
Malaysian Ringgit	**1,330**	1,207
Renminbi	**1,050**	850
Taiwan New Dollar	**231**	1,832
Macau Patacas	**374**	549
Japanese Yen	**443**	167
Euro	**–**	1,341
South Korean Won	**16**	–
	196,102	177,958

	Company	
	2015 HK$'000	2014 HK$'000
United States dollars	**27**	27
Hong Kong dollars	**151**	625
	178	652

25 BORROWINGS – GROUP

	Group	
	2015	2014
	HK$'000	HK$'000
Current		
Trust receipt loans, secured and contain a repayment on demand clause	**75,130**	64,094

At 30 April 2015, the Group's borrowings were repayable as follows:

	Group	
	2015	2014
	HK$'000	HK$'000
Within 1 year	**75,130**	64,094

Bank borrowings are secured by pledged deposit of HK$6,533,000 (2014: HK$6,517,000) and corporate guarantee by the Company.

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

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

	Group	
	2015	2014
	HK$'000	HK$'000
Hong Kong dollars	**22,911**	25,434
Japanese Yen	**6,641**	7,579
Euro	**200**	470
British Pound	**–**	501
United States dollars	**45,378**	30,110
	75,130	64,094

The Group has the following undrawn borrowing facilities:

	Group	
	2015	2014
	HK$'000	HK$'000
Floating rate:		
– Expiring within one year	**101,911**	86,066

The facilities expiring within one year are annual facilities subject to review at various dates during 2015.

26 CASH GENERATED FROM OPERATIONS

(a) Cash generated from operations:

	Year ended 30 April	
	2015 **HK$'000**	2014 HK$'000
Profit before income tax	**100,068**	167,597
Adjustments for:		
– Gain on disposal of non-current asset held for sale	**–**	(46,469)
– Loss on disposal of property, plant and equipment, net	**1,566**	1,159
– Depreciation	**32,530**	27,412
– Amortisation of trademark	**630**	613
– Interest income	**(6,184)**	(4,628)
– Interest expense	**1,691**	1,449
– Dividend income	**–**	(300)
– Employee share-based compensation	**1,256**	1,127
– Realised loss on disposal of financial assets at fair value through profit and loss	**–**	2,520
– Legal and professional fee incurred for initial public offering	**–**	9,828
– Compensation to a non-controlling shareholder	**–**	864
Changes in working capital:		
– Decrease/(increase) in inventories	**17,897**	(84,219)
– Increase in trade and other receivables	**(21,617)**	(19,207)
– Increase in trade and other payables	**14,777**	9,351
– (Increase)/decrease in net amounts due from shareholders	**(465)**	1,648
Cash generated from operations	**142,149**	68,745

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

	Year ended 30 April	
	2015 **HK$'000**	2014 HK$'000
Net book amount *(note 15)*	**1,572**	1,194
Loss on disposal of property, plant and equipment, net	**(1,566)**	(1,159)
Proceeds from disposal of property, plant and equipment	**6**	35

27 CONTINGENT LIABILITIES

The Group's bankers have given guarantees in lieu of deposits amounting to HK$14,061,000 (2014: HK$9,849,000) to the Group's landlords and utility providers. These guarantees are counter indemnified by corporate guarantees and pledged deposits provided by certain subsidiaries.

28 COMMITMENTS

(a) Operating lease commitments – as a lessee

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

	As at 30 April	
	2015 HK$'000	2014 HK$'000
No later than one year	**273,571**	241,370
Later than one year and no later than five years	**251,706**	203,077
	525,277	444,447

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

(b) Operating lease commitments – as lessor

The Group has future aggregate minimum lease receipts under non-cancellable operating leases in respect of sub-lease of certain spaces in retail shops as follows:

	As at 30 April	
	2015 HK$'000	2014 HK$'000
No later than one year	**1,600**	2,042
Later than one year and no later than five years	**941**	316
	2,541	2,358

29 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

During the year, the Group acquired additional interests in JHC Retail (M) Sdn. Bhd and Familj (China) Limited from non-controlling shareholders, which increased the Group's shareholding in these subsidiaries from 58.3% and 85.6% to 59.6% and 100% respectively.

Effects of transactions with non-controlling interests on the equity attributable to owners of the Company for the year ended 30 April 2015:

	As at 30 April 2015 HK$'000
Changes in equity attributable to owners of the Company arising from:	
– Acquisition of additional interests in subsidiaries	**1,493**

30 BUSINESS COMBINATIONS

Acquisition of a gifts and accessories retail business in Hong Kong

On 5 December 2014, JHC Ella Limited ("**JHC Ella**"), a subsidiary of the Group acquired a gifts and accessories retail business in Hong Kong. The Group expects to establish a solid retail platform in Hong Kong selling gifts and accessories by business acquisition.

The following table summarises the consideration paid and the fair value of assets acquired, liabilities and the non-controlling interests of JHC Ella at the acquisition date:

	HK$'000
Consideration:	
At 5 December 2014	
Cash consideration	2,250
Consideration payable	750
Share consideration by issuing shares of the Company	1,416
Subscription of ordinary shares by a non-controlling shareholder other than the vendor	(919)
Total consideration	3,497

30 BUSINESS COMBINATIONS *(Continued)*

Acquisition of a gifts and accessories retail business in Hong Kong *(Continued)*

	HK$'000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Trademark	2,239
Property, plant and equipment	938
Inventories	2,819
Unredeemed cash coupons of JHC Ella	(1,000)
Total identifiable net assets	4,996
Non-controlling interests	(1,499)
	3,497
Acquisition of subsidiary, net of cash acquired	1,331

Acquisition related costs of HK$416,000 have been charged to administrative and other operating expenses in the consolidated income statement for the year ended 30 April 2015.

The revenue included in the consolidated income statement for the period from the date of acquisition up to 30 April 2015 contributed by the acquired business was HK$7,525,000. The acquired business also contributed net loss of HK$1,079,000 over the same period.

As the financial information of the acquired business before the acquisition is not readily available, the amounts of revenue and profit had the acquired business been consolidated from 1 May 2014 is not disclosed.

31 DIVIDEND

In the prior year, a final dividend of HK$96,000,000 in relation to the year ended 30 April 2013 were declared and paid by a subsidiary to the then shareholders of the subsidiary before the Reorganisation. In addition, a special dividend of HK$55,000,000 in relation to the period before the financial year ended 30 April 2013 was declared and paid by the subsidiary to the then shareholders of the subsidiary before the Reorganisation. Also, an interim dividend of HK$14,464,000 (HK2.0 cents per share) and a special dividend of HK$28,927,000 (HK4.0 cents per share) was declared and paid by the Company in respect of the year ended 30 April 2014.

In current year, a final dividend of HK$32,551,000 (HK4.5 cents per share) in relation to the year ended 30 April 2014 was declared and paid by the Company in respect of the year ended 30 April 2014. Also, an interim dividend of HK$35,556,000 (HK4.9 cents per share) was declared and paid by the Company in respect of the year ended 30 April 2015.

A final dividend in respect of the year ended 30 April 2015 of HK5.6 cents per share, amounting to a total dividend of HK$40,567,000, is to be proposed at the upcoming annual general meeting. These financial statements do not reflect this dividend payable.

32 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

(a) Sales of goods and services

		Year ended 30 April	
	Note	**2015** **HK$'000**	2014 HK$'000
Continuing transactions			
Management fee income:			
– JHC (Investment) Limited	*(i)*	**10**	10
– Mulan's Garden (HK) Limited	*(i)*	**20**	20
– Hong Sing Investment Limited	*(i)*	**10**	10

Note:

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

(b) Purchase of goods and services

		Year ended 30 April	
	Note	**2015** **HK$'000**	2014 HK$'000
Continuing transactions			
Operating lease rentals in respect of retail shops to related companies:			
– Mulan's Garden (HK) Limited	*(i)*	**5,759**	5,401
– JHC (Investment) Limited	*(i)*	**805**	696
– Hong Sing Investment Limited	*(i)*	**10,497**	8,181
– Charm Rainbow Limited	*(i)*	**1,859**	1,740
– Hugo Grand Limited	*(i)*	**4,451**	3,666
Consultancy fee to a non-controlling shareholder of a subsidiary	*(ii)*	**108**	–
Purchase of goods from a non-controlling shareholder of a subsidiary	*(iii)*	**1,610**	–

Notes:

(i) Management fee, maintenance fee, commission 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 was charged based on the terms mutually agreed with the relevant parties.

(iii) Purchases from a non-controlling shareholder of a subsidiary were conducted in the normal course of business at terms mutually agreed with the relevant parties.

32 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(c) Key management compensation

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

	Year ended 30 April	
	2015 **HK$'000**	2014 HK$'000
Short-term employee benefits	**14,784**	13,530
Post-employment benefits – defined contribution plans	**209**	165
Other long-term benefits	**949**	701
	15,942	14,396

(d) Year-end balances – Group

		As at 30 April	
	Note	**2015** **HK$'000**	2014 HK$'000
Amount due from shareholders	*(i)*	**465**	–
Amount due to a non-controlling shareholder of a subsidiary	*(ii)*	**1,147**	247
Loans due to non-controlling shareholders of subsidiaries			
– JHC Retail (M) Sdn Bhd	*(iii)*	**450**	481
– Japan Home (Retail) Pte Ltd	*(iv)*	**2,506**	2,587
– JHC (Mirror) Limited	*(v)*	**114**	–

Notes:

(i) The amounts due from shareholders were unsecured, interest-free, and repayable on demand and denominated in Hong Kong dollars. Its carrying value as at 30 April 2015 approximated its fair value.

(ii) Except for an amount of HK$750,000 (2014: Nil) being unsecured, interest free, repayable on 4 December 2015 and denominated in Hong Kong dollar, the amount due to a non-controlling shareholder of a subsidiary as at 30 April 2015 is unsecured, repayable on demand and is denominated in Hong Kong dollar. (2014: unsecured, interest free, repayable on demand and denominated in Renminbi). The carrying values due at 30 April 2015 and 2014 approximate the fair values.

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

(iv) The loan due to a non-controlling shareholder of Japan Home (Retail) Pte Ltd is unsecured, bearing interest at 2.5% per annum with its principal and interest repayable on 13 June 2016. The loan is denominated in Singapore dollar and the carrying values as at 30 April 2015 and 2014 approximate the fair values.

(v) The loans due to non-controlling shareholders of JHC Mirror Limited are unsecured, interest free with its principal and interest repayable on 30 June 2016 and 30 November 2016. The loans are denominated in Hong Kong dollar and their carrying values as at 30 April 2015 approximate the fair values.

Corporate Information

DIRECTORS

Executive Directors:

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

Non-executive Directors:

Mr. CHUNG Tak Wai (Resigned on 1 November 2014)
Mr. YEUNG Yiu Keung

Independent Non-executive Directors:

Mr. TSUI Ka Yiu (Resigned on 1 November 2014)
Dr. LO Wing Yan William, J.P.
Mr. HUANG Lester Garson, J.P.
Mr. MANG Wing Ming Rene
(Appointed on 1 November 2014)

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

COMPANY SECRETARY

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

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Wong Chuk Hang, Hong Kong
Tel: (852) 3512-3100

LEGAL ADVISER

Woo, Kwan, Lee & Lo

COMPLIANCE ADVISER

Somerley Capital Limited

PRINCIPAL BANKERS

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

SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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COMPANY WEBSITE

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