International Housewares Retail Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1373

Annual Report 2016

ideas • Living

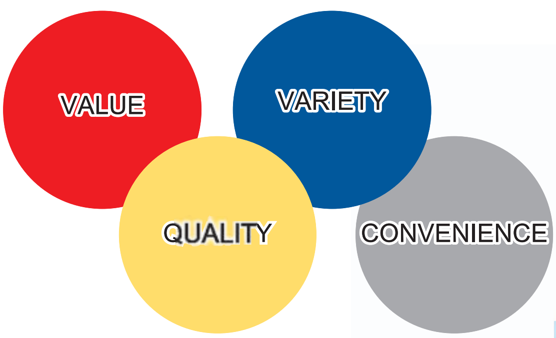
Corporate Profile

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 358 stores in Hong Kong, Singapore, Macau, Cambodia, Indonesia, East Malaysia, 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), 123 by Ella, 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 Statament

Provide VALUE, QUALITY, VARIETY and CONVENIENCE to our customers



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

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Highlights

- The Group's revenue increased by 4.5% to HK$2,039,575,000 (2014/15[1]: HK$1,951,279,000).
- Hong Kong market sustained a comparable store sales growth[2] of 5.3% (2014/15: 8.2%).
- The adjusted net profit[3] of Hong Kong business for the second half of the Year increased to HK$60,751,000, a growth of 9.7% from the same period last year of HK$55,398,000, compared with the adjusted net profit for the first half of the Year of HK$36,665,000, representing an increase of 65.7%.
- The Group maintained a strong financial position with cash and cash equivalents of HK$406,080,000 (30 April 2015: HK$447,376,000).
- The Group's gross profit rose by 5.0% to HK$947,577,000 (2014/15: HK$902,790,000) while gross profit margin increased slightly to 46.5% (2014/15: 46.3%).
- Eliminating the effect from one-off items[4] for the Year, the adjusted net profit[4] attributable to owners of the Company for the Year decreased by 9.1% to HK$80,378,000 (2014/15: HK$88,390,000), representing 3.9% of revenue (2014/15: 4.5%).
- 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 5.0 HK cents per share, the total annual dividend would be 10.6 HK cents per share.

Notes:

1. Comparative figures for the financial year ended 30 April 2015 are shown as 2014/15 in brackets.
2. Comparable store sales growth represents a comparison between the store sales of those stores that were open throughout the years being compared.
3. The adjusted net profit, a non-HKFRS measure, did not include the effect of the depreciation of the Renminbi fixed deposits, which is useful in gaining a more complete understanding of the Group's operational performance and of the underlying trends of its business.
4. The adjusted net profit, a non-HKFRS measure, did not include the effect of one-off items for the Year, 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 losses from the depreciation of the Renminbi fixed deposits and disposal of assets due to the closure of business operations in West Malaysia and the Mainland China.

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:

	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial performance					
Revenue	**2,039,575**	1,951,279	1,746,838	1,498,673	1,211,222
Operating profit	**73,494**	95,575	164,418	129,106	104,499
Profit before income tax	**74,798**	100,068	167,597	128,108	103,931
Profit for the year	**54,156**	79,239	143,099	103,169	86,530
Financial position					
Cash and cash equivalents	**406,080**	447,376	466,432	111,513	70,806
Total assets	**970,090**	1,034,584	999,690	567,077	399,799
Total liabilities	**(275,321)**	(302,337)	(281,010)	(284,083)	(221,690)
Net assets	**694,769**	732,247	718,680	282,994	178,109
Key ratios					
Gross profit margin	**46.5%**	46.3%	46.5%	46.1%	44.5%
Revenue growth	**4.5%**	11.7%	16.6%	23.7%	19.0%
Comparable store sales growth in Hong Kong[1]	**5.3%**	8.2%	10.0%	12.1%	11.8%

Note:

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

Awards and Recognition

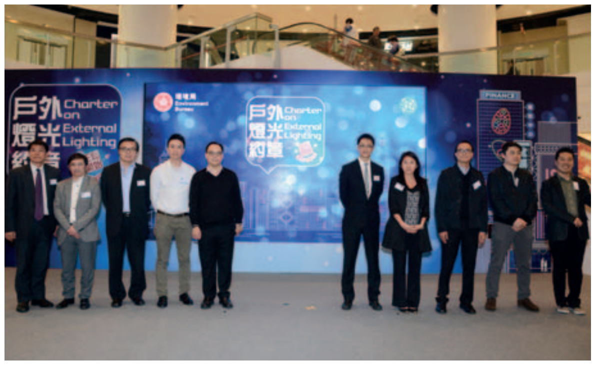
We have earned numerous awards in the fields of enterprise achievements, services excellence and caring for society, which demonstrate our good reputation in the industry and our achievements in and contributions to our society.

Hong Kong Jun-zi Corporation Award (Retail) — Corporate Award / Golden Award / Bronze Award	2015 2013 2012
Octopus Usage Growth Award - Other Retail Octopus Usage Award for New Retail Merchant	2015 2014
HKIM - Market Leadership in Consumer Retail (Listed Company)	2015
Your Favourite MTR Shops - Variety Selection	2015
3 Magazine "HK's Best Brands" The Best Housewares Centre	2013
Smilling Enterprise Award	2012
The Best for Home	2008 - 2011
3 Magazine Smart Living Brand	2009
Retail Asia-Pacific Top 500	2009 2005
Most Favourable Brand by Chinese Customers - Golden Brand	2008
Certificate Award for the Best Brand Enterprise	2007
Hong Kong Top Service Brand Award	2007 - 2016
WWF (HK) - Silver Member	2006 - 2016
Q-Mark	2006 - 2016
No Fakes Pledge	2006 - 2016
Caring Company 10 Years+	2004 - 2016
Quality Tourism Services Association Member	2004 - 2016
Quality Tourism Services	2004 - 2016
Superbrands	2004
Integrity Award	2003 - 2004

Corporate Social Responsibility

1. The Group has been granted the Caring Company honor again for consecutive 10 years by HKCSS on 10 May 2016.

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



3. The Group has joined the "Charter on External Lighting" organized by Environment Bureau.

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

5. The Group sponsored the "Poly-preneurs Carnival".

6. The Group participated in Oxfam Rice Sale Campaign organized by Oxfam Hong Kong.

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

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

9. The Group participated in Orbis World Sight Day - Darkness to Go Campaign organized by Orbis.

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

商界展關懷
caringcompany
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發

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

2013

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

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

2015

Launched e-commerce plaform JHCeshop.com

Successfully acquired and integrated the "ELLA" brand

2016

J Fun has more than 400,000 members

JHC Concept Stores opened

"123 by ELLA", the new retail brand launched

Mr. Chong Siu Hong was appointed Chief Executive Officer of the Group

Chairman's Statement

Dear Shareholders,

On behalf of International Housewares Retail Company Limited (the "**Company**") and its subsidiaries (together "**the Group**"), I am pleased to present the Group's annual results for the year ended 30 April 2016 (the "**Year**"). The Group has achieved satisfactory financial results with record-breaking revenue and a solid financial position. During the year, we have continued to solidify our position as a leading houseware retail chain with a total of 358 stores worldwide.

With the global economy remaining uncertain and our peers giving major discounts and mounting more promotions, the overall operating environment continues to be challenging. However, given the large global supplier network we have built during an operational experience of 25 years, it has the ability to secure a stable and continuous supply of a wide variety of products at competitive prices. In addition, the strong Hong Kong dollar and depreciating Renminbi and other foreign currencies have been helpful to the Group in reducing procurement cost. In the second half of the Year, to overcome the many challenges, the Group continued to broaden its product portfolio, adding higher gross profit margin products while constantly monitoring purchase prices and logistics costs of its sourcing activities, and prudently managing expenses.

Thus Hong Kong business performs particularly well, the adjusted net profit(1) of Hong Kong business for the second half of the Year increased to HK$60,751,000, a growth of 9.7% from the same period last year of HK$55,398,000, with the adjusted net profit margin of 6.5% (same period last year: 6.2%), compared with the adjusted net profit for the first half of the Year of HK$36,665,000, representing an increase of 65.7%.

FUTURE PROSPECTS

Looking ahead, the Group is continuing to focus on the Hong Kong market and keep expanding its retail network. For overseas markets, we have closed down the operation in West Malaysia and the Mainland China in order to minimize their negative effects on the retail business as a whole and turned our focus on the business in Singapore. Singapore remains as an important market of the Group, and we are optimistic about its operation in the market achieving steady growth and having good prospects in the medium- to long-term.

The Group has the support of its strong base in Hong Kong and offers a unique "one-stop" shopping experience to customers that sets it apart from its peers. The ongoing renovation of the Group's stores in Hong Kong is targeted at further improving the quality of customers' shopping experience and, in turn, enhance same store sales growth in Hong Kong. It continues to diversify and expand the product mix and promote Concept stores to enlarge its customer base. In particular, it intends to offer more stylish, good value products to the consumers, and, above all, expand product coverage in Hong Kong. The Group has opened the Concept stores under the "Japan Home Center" brand in Central, Whampoa and North Point respectively. This is a strategic move to broaden product categories of the Group to cover selected special products in: smart living, digital accessories, health & beauty, trendy stationery, green food, gardening, fragrance and Japanese & Korean products. The Group believes this concept can facilitate flexible expansion of its business and enhance market penetration. Furthermore, the Group has opened stores branded "123 by Ella", which operates on the "simple and fast consuming" concept, selling selected trendy and personal merchandise at a range of fixed prices. The Group believes the fixed-price store model can also enhance its flexibility in continuous expansion and market penetration, and at the same time advance the growth of business of other brands under the Group. These new brands are helping the Group extend its business coverage in Hong Kong as well as giving it new income sources.

Note:

1. The adjusted net profit, a non-HKFRS measure, did not include the effect of the depreciation of the Renminbi fixed deposits, which is useful in gaining a more complete understanding of the Group's operational performance and of the underlying trends of its business.

To harness the advantages the online-to-offline business brings, the Group has launched e-commerce business in Hong Kong aimed at expanding its regional presence. It targeting online shoppers, serves as another convenient, highly flexible and accessible retail channel for customers to purchase the Group's products. In addition, the Group continues to leverage the power of online marketing by introducing dedicated mobile apps and on social media platforms such as Facebook and WeChat to showcase and promote its products and brands. It hopes to provide a mix of products based on consumption behavior and market demand so as to enhance customers' brand loyalty and bring in extra revenue. Moreover, mobile apps can strengthen interaction and communication between the Group and its customers on top of making it easier and more convenient for customers to shop at online shop. The Group expects to see its interaction and communication with customers improved with the help of such effective consumption channels. At the same time, the Group intends its logistics and delivery system to play an increasingly important role in its operation. Thus, it also strives to continue to improve related systems and mechanisms.

To drive business growth, the membership loyalty program continues to facilitate repeat purchases and attract new customers helping to boost same store sales. The membership loyalty program aims to boost transaction numbers as well as the average spending per transaction, thus pushing up the Group's revenue. The program also enables the Group to understand customers' spending behaviors and preferences so that it may formulate more effective marketing promotions. As at 30 April 2016, it has about 400,000 members in Hong Kong, accounting for approximately 14% of the total retail business revenue in the city, helping to increase spending per transaction. The Group continues to step up interaction with its members, offering them exclusive benefits, such as special birthday discounts or special promotional events. Thus it is confident of building a sizeable membership base.

However, the Group will continue to optimize its product mix to meet customer needs and preferences and to help improve its gross profit margin. As a part of its expansion strategy, the Group will enhance its sourcing and logistics capabilities by establishing logistics centers in the Mainland China and other regions, as well as constantly monitoring the purchase price and logistics costs of our sourcing activities. In addition, the Group will strategically broaden product categories, especially those comprising higher gross profit margin products. It will also boost its profit margin by continuing to enhance the range, categories and packaging of its own label products. The Group expects its procurement cost will benefit from the strong Hong Kong dollar and depreciating Renminbi and other foreign currencies. It will focus on improving operational efficiencies and on minimizing any effects from potentially adverse factors on its financial performance.

JHC 日本城

日本城 JHC

www.JHCeshop.com

123... by ELLA

Regarding its retail business, Hong Kong remains the key market of the Group. The Group intends to continue to focus on the Hong Kong market in the future. Going forward, despite the weak retail environment, the Group sees opportunities and potential for growth and expansion. Many of the products the Group offers are affordable household necessities in steady demand not heavily affected by change in overall market conditions. Moreover, although rental expenses on shops in shopping malls continued to increase during the year, overall rental expenses on stores has started to trend down which is favorable to the Group's long-term expansion.

In the future, the Group will continue to exercise prudence in managing its expenses so as to maximize return on capital. The Group believes with the cumulative brand awareness it enjoys, an extensive shop network with a steady growth track record and a large global supplier network, it will see continuous development of its business. The Group remains positive about its medium- to long-term business prospects. With sufficient cash flow, it is poised to explore potential investment opportunities that promise higher returns, thus also generating greater returns to shareholders.

APPRECIATION

On behalf of the Board, I would like to thank our management team and staff for their commitment and contributions. My gratitude also goes to our customers, business partners and shareholders for their constant support. We look forward to and thank you ahead for your continuing trust and support in the years to come.

LAU Pak Fai Peter
Chairman and Executive Director

Hong Kong, 25 July 2016

Management Discussion and Analysis

OVERVIEW

The Group has achieved another annual record high in revenue for the year ended 30 April 2016, a strong indication of it's capability to overcome short-term fluctuations and challenges in the retail market. Revenue rose to HK$2,039,575,000 (2014/15: HK$1,951,279,000), a growth of 4.5% over the last year. As at 30 April 2016, the Group had a total of 358 stores worldwide in Hong Kong, Singapore, Macau, Cambodia, Indonesia, East Malaysia, Saudi Arabia and New Zealand.

FINANCIAL PERFORMANCE

The increase in revenue for the Year 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 rose by 5.0% to HK$947,577,000 (2014/15: HK$902,790,000) while gross profit margin increased slightly to 46.5% (2014/15: 46.3%).

Operating expenses increased slightly from 42.1% to 43.3% as a percentage of revenue against last year. This was primarily due to ongoing increases in rental expenses and staff cost. Moreover, a number of new stores were opened during the Year and are still in their investment periods. 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.

Not including the effect of one-off items[(1)] for the Year, the adjusted net profit[(1)] attributable to owners of the Company for the Year decreased by 9.1% to HK$80,378,000 (2014/15: HK$88,390,000), representing 3.9% of revenue (2014/15: 4.5%).

Note:

1. The adjusted net profit, a non-HKFRS measure, did not include the effect of one-off items for the Year, 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 losses from the depreciation of the Renminbi fixed deposits and disposal of assets due to the closure of business operations in West Malaysia and the Mainland China.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2016, the Group had cash and cash equivalents amounting to HK$406,080,000 (30 April 2015: HK$447,376,000). Most of the Group's cash and bank deposits were denominated in Hong Kong dollars, and were deposited with major banks in Hong Kong with maturity dates falling within three months.

The Group's treasury management policy was not to engage in any highly leveraged or speculative derivative products and it continues to place the majority of our surplus cash in Hong Kong dollars bank deposit with appropriate maturity period to meet the funding requirements in the future. The current ratio for the Group was 2.8 (30 April 2015: 2.7). Bank borrowings amounted to HK$44,373,000 as at 30 April 2016 (30 April 2015: HK$75,130,000). The Group was in a net cash position as at 30 April 2016. The Group's gearing ratio as determined by bank borrowings divided by total equity was 6.4% (30 April 2015: 10.3%).

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 2016 are set out in note 28 to the consolidated financial statements.

OPERATING EFFICIENCIES

The Hong Kong market sustained a comparable store sales growth[1] of 5.3% (2014/15: 8.2%) during the Year.

In the past few years, overall rental expenses, a significant portion of our operating expenses, have significantly increased. Through leveraging our advantages of 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 varying sizes of retail spaces, giving us more flexibility in choosing locations 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 rising employee expenses, we have employee training programmes in place to improve productivity and we periodically redeploy our employees to different stores in order to 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 strengths in brand and merchandise, the Group has managed to deliver record-high sales to maintain costs as a stable percentage of revenue during the Year. Operating expenses as a percentage of revenue increased only slightly during the Year, to 43.3% (2014/15: 42.1%).

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

For the Year Ended 30 April	**2016**		2015		
	HK$	**(%) of revenue**	HK$	(%) of revenue	Change (%)
Distribution and advertising expenses	**56,981,000**	**2.8%**	53,328,000	2.7%	6.9%
Administrative and other operating expenses[2]	**812,567,000**	**39.8%**	768,996,000	39.4%	5.7%
One-off items[3]	**13,886,000**	**0.7%**	–	–	–
Total operating expenses	**883,434,000**	**43.3%**	822,324,000	42.1%	7.4%

Notes:

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

2. Eliminating the effect from one-off items[3] for the year.

3. One-off items mainly represented losses from the depreciation of the Renminbi fixed deposits and disposal of assets due to the closure of business operations in West Malaysia and the Mainland China.

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 its operational efficiency in the Singapore market to generate added revenue.

We believe that our comparable store sales growth in Hong Kong as well as the increasing revenue from our operations in Singapore and Macau has demonstrated our growth potential in these regions. As at 30 April 2016, the Group had a presence in eight jurisdictions throughout the world with a total of 358 stores, of which 347 were directly managed by the Group and 11 were licenced stores. The following table presents the number of our stores worldwide:

	As at 30 April 2016	As at 30 April 2015	Net increase/ (decrease)
The Group's directly managed stores			
Hong Kong	**277**	267	10
Singapore	**62**	65	(3)
West Malaysia	**–**	12	(12)
Mainland China	**–**	8	(8)
Macau	**8**	8	–
Sub-total	**347**	360	(13)
The Group's licenced stores			
East Malaysia	**1**	2	(1)
Saudi Arabia	**5**	5	–
New Zealand	**1**	1	–
Indonesia	**1**	1	–
Cambodia	**3**	2	1
Sub-total	**11**	11	–
Total	**358**	371	(13)

HUMAN RESOURCES

To ensure that the Group attracts and retains staff capable of attaining optimum performance levels, remuneration packages are reviewed on a regular basis. Performance bonuses, share options and share awards could then be subsequently offered to qualified employees. A performance-based element is included in the annual discretionary bonus for all staff as well as in share options and share awards for supervisory and managerial staff. As at 30 April 2016, the Group has employed approximately 2,236 employees (30 April 2015: 2,400). Total staff costs for the Year were HK$303,839,000 (2014/15: HK$282,136,000).

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 4.7%. 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. These combined efforts resulted in HK$2,015,960,000 (2014/15: HK$1,924,621,000) of retail revenue which included consignment sales commission income, accounting for 98.8% (2014/15: 98.6%) of total revenue.

The wholesale business, licencing income and others as a whole decreased by 11.4% from the previous year to HK$23,615,000 (2014/15: HK$26,658,000).

OPERATIONAL REVIEW BY GEOGRAPHICAL LOCATIONS

Operations Review – Hong Kong

Hong Kong remained the key market for the Group, representing 86.1% (2014/15: 84.6%) of the Group's total revenue. Revenue in Hong Kong for the Year achieved a record-high total revenue of HK$1,755,007,000 (2014/15: HK$1,651,154,000), a 6.3% increase, while comparable store sales[1] showed a relatively healthy growth of 5.3% (2014/15: 8.2%).

Eliminating the effect of the exchange loss arising from the depreciation of the Renminbi fixed deposits of HK$3,725,000 for the Year, the adjusted net profit[2] in Hong Kong for the Year was HK$97,416,000 (2014/15: HK$106,016,000), representing a decrease of 8.1% from the last year, with the adjusted net profit margin of 5.6% (2014/15: 6.4%).

Operations Review – Singapore

In Singapore, the revenue grew by 3.7% in local currency terms while the revenue decreased slightly by 3.0% to HK$231,115,000 in Hong Kong dollars currency terms (2014/15: HK$238,213,000) during the Year. Given a conservative consumer spending pattern, comparable store sales growth[1] was negative at 1.9% (2014/15: -8.9%). The Group intends to focus on improving operational efficiencies, including implementing employee training programmes to maximise productivity and further leverage our strategic advantages in system integration. We will continue our all-out effort in expanding the market in Singapore as we strengthen the Group's position there. Singapore remains as our strategic market and the Group expects to achieve moderate growth as it is optimistic about its business prospects there for the medium- to long-term.

Operations Review – Macau

During the Year, the Group's Macau revenue recorded an increase of 7.6% to HK$39,341,000 (2014/15: HK$36,560,000), while comparable store sales growth[1] was 1.3% (2014/15: 5.9%).

Operations Review – The Mainland China and West Malaysia

For the Mainland China and West Malaysia markets, as at 30 April 2016, the Group already closed down the business operations in both areas to minimise the adverse effects on the retail business as a whole.

Notes:

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

2. The adjusted net profit, a non-HKFRS measure, did not include the effect of the depreciation of the Renminbi fixed deposits for the Year, which is useful in gaining a more complete understanding of the Group's operational performance and of the underlying trends of its business.

Report of the Directors

The directors of the Company (together the "**Directors**" and each a "**Director**") present their report and the audited consolidated financial statements for the year ended 30 April 2016.

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.

BUSINESS REVIEW

A review of the business of the Group during the Year and a discussion on the Group's prospects are provided in the Chairman's Statement and the Management Discussion and Analysis on pages 8 to 11 and pages 12 to 16 of the Annual Report respectively. Description of key risk factors and uncertainties that the Group is facing is provided in note 3 to the consolidated financial statements. An analysis of the Group's performance during the Year using financial key performance indicators is provided in Five-Year Financial Summary on page 2 of the Annual Report.

RESULTS AND DIVIDENDS

The results of the Group for the Year are set out in the consolidated income statement. An interim dividend of 5.0 HK cents per ordinary share (2014/15: interim dividend of 4.9 HK cents), representing a total payout of approximately HK$35,797,000 was paid by the Company on 29 January 2016. 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 Friday, 7 October 2016 which will be paid on or around Monday, 17 October 2016. Taking into account of the interim dividend payment, the total dividend for the Year would amount to 10.6 HK cents per share, totaling approximately HK$75,870,000 for the Year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company for the annual general meeting will be closed from Thursday, 22 September 2016 to Monday, 26 September 2016, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 21 September 2016.

Subject to the approval of the shareholders of the Company at the meeting, the proposed final dividend will be payable to the shareholders of the Company whose names appear on the register of members of the Company after the close of business at 4:30 p.m. on Friday, 7 October 2016 and the register of members of the Company will be closed from Wednesday, 5 October 2016 to Friday, 7 October 2016, (both days inclusive), during which no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all share transfer documents, accompanied by the relevant share certificates lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 4 October 2016.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and assets and liabilities of the Group for the five years ended 30 April 2012, 2013, 2014, 2015 and 2016 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 14 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 23 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)*	(Resigned as the Chief Executive Officer with effect from 7 January 2016)
Ms. Ngai Lai Ha *(Vice-chairman)*	
Mr. Cheng Sing Yuk *(Chief financial officer)*	

Non-executive Director:

Mr. Yeung Yiu Keung

Independent Non-executive Directors:

Dr. LO Wing Yan William, J.P.	(Retired on 25 September 2015)
Mr. HUANG Lester Garson, J.P.	(Retired on 25 September 2015)
Mr. MANG Wing Ming Rene	
Mr. LAU Wai Pun Raymond	(Appointed on 25 September 2015)
Mr. YEE Boon Yip	(Appointed on 25 September 2015)

Pursuant to Article 84(1) of the Articles of Association, Mr. Lau Pak Fai Peter and Ms. Ngai Lai Ha shall retire from office by rotation at the forthcoming annual general meeting and shall be eligible for re-election. Pursuant to Article 83(3) of the Articles of Association, Mr. Lau Wai Pun, Raymond and Mr. Yee Boon Yip who were appointed by the Board as independent non-executive Directors, shall retire from office at the forthcoming annual general meeting. Due to family circumstances, Mr. Lau Wai Pun, Raymond will not offer himself for re-election. Mr. Yee Boon Yip, being eligible, offers himself for re-election. The Company is identifying suitable candidate to fill the above vacancy. Announcement 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 35(a) to the consolidated financial statements.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. LAU Pak Fai Peter, aged 58

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 is the chairman of the nomination committee of the Company. 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 resigned from the position of the chief executive officer of the Company with effect from 7 January 2016.

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 44

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 and is a member of the remuneration committee of the Company. 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 the Group's strategic plan development and execution, exploring new business opportunities in the ever changing environment, enhancing the Group's all-round efficiency and effectiveness, improving the financial performance, consolidating the market and transforming "Japan Home Centre" into a major market player 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, an executive 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 vice president of Grateful Heart Charitable Foundation, the vice president of Food for Good – "Community Kitchen, and the district 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 57

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 chief financial officer 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 53

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

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

Independent non-executive Directors

Mr. MANG Wing Ming Rene, aged 64

Mr. Mang was appointed as an independent non-executive Director of the Company with effect from 1 November 2014 and he is the chairman of the audit committee and a member of the nomination committee and the remuneration committee of the Company. He has been appointed as the chairman of the remuneration committee of the Company with effect from 25 September 2015. 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.

Mr. LAU Wai Pun, Raymond, aged 66,

Mr. Lau was appointed as an independent non-executive director of the Company with effect from 25 September 2015 and he is a member of the audit committee, the nomination committee and the remuneration committee of the Company. He was admitted as a solicitor of Hong Kong in 1974. Subsequently, he was also admitted as a solicitor of England & Wales in 1981. He became a partner of Ford, Kwan & Co. in 1975 and senior partner in 1982. Mr. Lau is both a China-appointed Attesting Officer and a Notary Public. He specializes in the areas of property law, banking law, commercial law and China-related matters; and has extensive experience in advising banks, financial institutions, China enterprises, local and foreign corporations and major property developers in these areas. He is among the first ones in the legal professional who are actively involved in the provision of legal services to Chinese enterprises and China-related clients.

Mr. Lau graduated with a Bachelor of Arts of The University of Hong Kong in 1971. Mr. Lau is currently a director of New Territories General Chamber of Commerce and Honorary Legal Adviser of Hong Kong New Territories Commercial and Industrial General Association.

Mr. YEE Boon Yip, aged 38

Mr. Yee was appointed as an independent non-executive director of the Company and a member of the audit committee and the nomination committee of the Company with effect from 25 September 2015 and has been appointed as a member of the remuneration committee of the Company with effect from 9 October 2015. He is currently a partner of MT & Partners LLP, a chartered and public accounting firm based in Singapore specialising in advisory, audit and assurance services. He is also one of the founders and the head of the enterprise risk management, audit and advisory unit. Prior to that, Mr. Yee worked in certified public accounting firms with international affiliation in Malaysia and Singapore during which, he was an auditor at Moores Rowland, UHY and Mazars for over 8 years from 2001. Thereafter, he joined a European multinational company as group financial controller with key roles in internal controls and financial reporting from 2009 to 2011.

Mr. Yee has over 13 years' experience in audit and assurance and financial reporting. He also gained valuable experience from his past involvement in other advisory services which include initial public offering, financial due diligence, corporate tax advisory and planning. Mr. Yee also has the experience in auditing companies reporting in other reporting jurisdictions which include US GAAP and Sarbanes-Oxley compliance services in his past experience as auditor of a company listed in AMEX. Mr. Yee is a member and chartered accountant registered with the Institute of Singapore Chartered Accountants from 2012. He is also a member of the Association of Chartered Certified Accountants from 2011.

Senior Management

Mr. Chong Siu Hong, aged 46
Chief executive officer

Mr. Chong has been appointed as the chief executive officer with effect from 7 January 2016. Prior to joining the Group, he was (the "TCM")* *Traditional Chinese medicine* director of Wai Yuen Tong Medicine Company Limited since 2014, which is a subsidiary of Wai Yuen Tong Medicine Holdings Limited (SEHK: 897). Mr. Chong was responsible for overall Chinese medicine business in both Hong Kong, the PRC and overseas. Mr. Chong also worked at 7-Eleven of Dairy Farm International Holdings Limited as category manager, group category controller, assistant merchandising director and sales & merchandising director respectively from 1999 to 2014. Mr. Chong graduated from University of Manitoba with a bachelor degree in commerce in 1993. He has more than 20 years of experience in key management in local and international renowned organisations.

Mr. Yuen Ka Ho, aged 49
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. 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.

Ms. TAM Siu Wan, aged 54
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 45
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 and Singapore. 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 59
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 43
Information technology director

Mr. Wong is the information technology director 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.

Ms. YIP Yee Fan Sandra, aged 42
Senior manager (Business development division)

Ms. Yip is the senior manager of the 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 2016, 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	Number of underlying shares of the Company – Share Award	Total interest *(Note 1)*	Approximate percentage of shareholding as at 30 April 2016*
Mr. LAU Pak Fai Peter	Interest in a controlled corporation	324,000,000 *(Note 2)*			331,735,000	46.19%
	Personal interest	6,710,000	1,025,000 *(Note 3)*			
Ms. NGAI Lai Ha	Interest in a controlled corporation	324,000,000 *(Note 4)*			330,498,000	46.01%
	Personal interest	5,473,000	1,025,000 *(Note 3)*			
Mr. CHENG Sing Yuk	Personal interest		1,761,500 *(Note 5)*	112,000 *(Note 6)*	1,873,500	0.26%
Mr. MANG Wing Ming Rene	Personal interest		200,000 *(Note 3)*	56,000 *(Note 6)*	256,000	0.04%

* The percentage was calculated based on 718,253,700 shares in issue as at 30 April 2016.

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

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 30 April 2016, 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 2016, 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 2016*
Hiluleka Limited	Beneficial owner	324,000,000 *(Note 2)*	45.11%
FIL Limited	Investment manager	57,474,000	8.00%
FMR LLC	Investment manager	52,339,000 *(Note 3)*	7.29%
Grandeur Peak Global Advisors, LLC	Investment manager	37,395,000	5.21%

* The percentage was calculated based on 718,253,700 shares in issue as at 30 April 2016.

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 52,339,000 shares of the Company held by FIAM LLC in 1,200,000 shares, Fidelity (Canada) Asset Management ULC in 24,000,000 shares, Fidelity Management & Research (Hong Kong) Limited in 26,269,000 shares and FMR CO., INC in 870,000 shares. FIAM LLC, Fidelity (Canada) Asset Management ULC, Fidelity Management & Research (Hong Kong) Limited and FMR CO., INC are wholly-owned subsidiaries of FMR LLC.

Save as disclosed above, as at 30 April 2016, 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during the Year was the Company, its parent company, or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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 10.02% 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 2016, options to subscribe for an aggregate of 7,395,000 shares of the Company granted to Directors and certain employees pursuant to the Share Option Scheme remained outstanding, details of which were as follows:

Name and Category of participants	Date of grant	Exercise prices of share options HK$ per share	Exercise periods of share options	Number of shares options At 1 May 2015	Granted during the year	Exercised/ forfeited during the year	At 30 April 2016
Directors							
Mr. LAU Pak Fai Peter *(Note 1)*	28/02/2014	3.86	31/10/2014 to 27/02/2022 *(Notes 2)*	325,000		-	1,025,000
	12/11/2014	1.93	31/10/2015 to 11/11/2022 *(Notes 3(i),(v)&(vi))*	350,000		-	
	21/01/2016	1.08	31/10/2016 to 20/01/2024 *(Notes4(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)*	325,000		-	1,025,000
	12/11/2014	1.93	31/10/2015 to 11/11/2022 *(Notes 3(i),(v)&(vi))*	350,000		-	
	21/01/2016	1.08	31/10/2016 to 20/01/2024 *(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)*	187,500		-	627,500
	12/11/2014	1.93	31/10/2015 to 11/11/2022 *(Notes 3(ii),(v)&(vi))*	220,000		-	
	21/01/2016	1.08	31/10/2016 to 20/01/2024 *(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 3(iii),(v)&(vi))*	100,000		-	200,000
	21/01/2016	1.08	31/10/2016 to 20/01/2024 *(Notes 4(iii),(v)、(vi)&(vii))*		100,000	-	
Sub-total				1,857,500	1,020,000	-	2,877,500
Employees-							
In aggregate	28/02/2014	3.86	31/10/2014 to 27/02/2022 *(Notes 2)*	937,500		-	4,517,500
	12/11/2014	1.93	31/10/2015 to 11/11/2022 *(Notes 3(iv)&(vi))*	1,640,000		-	
	21/01/2016	1.08	31/10/2016 to 20/01/2024 *(Notes 4(iv)、(vi)&(vii))*		1,940,000	-	
Sub-total				2,577,500	1,940,000	-	4,517,500
Total				4,435,000	2,960,000	-	7,395,000

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 1,775,000 share options granted, 837,500 share options were granted to the Directors. The grant of the share options to the Directors was approved by all the independent non-executive Directors.

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

3. The options, granted on 12 November 2014, are exercisable from 31 October 2015 to 11 November 2022 (both days inclusive) in the following manner:

   (i) up to 117,000 options granted under the Share Option Scheme commencing 31 October 2015;
   up to 234,000 options granted under the Share Option Scheme commencing 31 October 2016; and
   up to 350,000 options granted under the Share Option Scheme commencing 31 October 2017.

   (ii) up to 73,000 options granted under the Share Option Scheme commencing 31 October 2015;
   up to 146,000 options granted under the Share Option Scheme commencing 31 October 2016; and
   up to 220,000 options granted under the Share Option Scheme commencing 31 October 2017.

   (iii) up to 100,000 options granted under the Share Option Scheme commencing 31 October 2015.

   (iv) up to 547,000 options granted under the Share Option Scheme commencing 31 October 2015;
   up to 1,094,000 options granted under the Share Option Scheme commencing 31 October 2016; and
   up to 1,640,000 options granted under the Share Option Scheme commencing 31 October 2017.

   (v) Out of the 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 of the Company, and the Independent non-executive Director has abstained from voting on the resolution in respect of the grant of options to himself.

   (vi) Closing price of the shares of the Company immediately before the date on which the options were granted was HK$1.89 per share.

4. The options, granted on 21 January 2016, are exercisable from 31 October 2016 to 20 January 2024 (both days inclusive) in the following manner:

   (i) up to 117,000 options granted under the Share Option Scheme commencing 31 October 2016;
   up to 234,000 options granted under the Share Option Scheme commencing 31 October 2017; and
   up to 350,000 options granted under the Share Option Scheme commencing 31 October 2018.

   (ii) up to 73,000 options granted under the Share Option Scheme commencing 31 October 2016;
   up to 146,000 options granted under the Share Option Scheme commencing 31 October 2017; and
   up to 220,000 options granted under the Share Option Scheme commencing 31 October 2018.

   (iii) up to 100,000 options granted under the Share Option Scheme commencing 31 October 2016.

   (iv) up to 636,000 options granted under the Share Option Scheme commencing 31 October 2016;
   up to 1,272,000 options granted under the Share Option Scheme commencing 31 October 2017; and
   up to 1,940,000 options granted under the Share Option Scheme commencing 31 October 2018.

   (v) Out of the above 2,960,000 share options granted, 1,020,000 share options were granted to the Directors. The grant of the share options to the Directors was approved by all the independent non-executive Directors of the Company, and the Independent non-executive Director has abstained from voting on the resolution in respect of the grant of options to himself.

   (vi) Closing price of the shares of the Company immediately before the date on which the options were granted was HK$1.03 per share.

   (vii) The weighted average fair value of the share options granted was HK$0.16 per share option based on the Black-Scholes valuation model. Details are set out in note 21 to the consolidated financial statements.

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 2016, 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:

			Number of Shares options *(Note1)*			
Name and Category of participants	**Exercise prices of share options HK$ per share**	**Exercise periods of share options**	**At 1 May 2015**	**Exercised during the year**	**Forfeited during the year**	**At 30 April 2016**
Directors						
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
		12/10/2014 – 11/10/2019	183,600	-	-	183,600
	1.86	16/10/2013 – 15/10/2020	178,200	-	-	178,200
		16/10/2014 – 15/10/2020	178,200	-	-	178,200
		16/10/2015 – 15/10/2020	862,920	-	-	862,920
Sub-total			2,032,020	-	-	2,032,020
Total			3,166,020	-	-	3,166,020

Note:

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

SHARE AWARD SCHEME

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

Since the Adoption Date and up to 30 April 2016, the trustee of the Share Award Scheme, pursuant to the rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 2,660,000 shares of the Company at a total consideration of about HK$3.9 million. A total of 954,000 shares of the Company had been granted under the Share Award Scheme, representing 0.13%* of the shares of the Company in issue as at 30 April 2016, details of which were as follows:

Name and Category of participants	Number of shares
Directors	
Mr. CHENG Sing Yuk	112,000
Mr. MANG Wing Ming Rene	56,000
Employees –	
In aggregate	786,000
Total	954,000

* The percentage was calculated based on 718,253,700 shares in issue as at 30 April 2016.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed in this annual report, no transactions, arrangements and contracts of significance in relation to the Group's business to which any of the Company's subsidiaries, fellow subsidiaries or parent companies was a party and in which a director of the Company or the director's connected party 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 2016 under the Listing Rules. Save as disclosed below, the related party transactions were set out in note 33 to the consolidated financial statements. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of these connected transactions. Details of these transactions were as follows:

1. First Batch Tenancy Framework Agreement

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 2016, a total of approximately HK$16,738,000 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 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 ended 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 announcements of the Company dated 13 January 2014 and 21 January 2016, 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 30 April 2014, 2015 and 2016 were revised to approximately HK$12,919,000, HK$15,135,000 and HK$18,399,744 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.

Renewal of First Batch Tenancy Framework Agreement

As disclosed in the announcement of the Company dated 8 April 2016, the First Batch Tenancy Framework Agreement expired on 30 April 2016 and was automatically renewable for successive periods of three years thereafter. 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 2017, 2018 and 2019 will be HK$23,096,759, HK$25,410,512 and HK$27,349,485, respectively.

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 2016, a total of approximately HK$9,089,000 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 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 ended 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.

Renewal of Second Batch Tenancy Framework Agreement

As disclosed in the announcement of the Company dated 8 April 2016, the Second Batch Tenancy Framework Agreement expired on 30 April 2016 and was automatically renewable for successive periods of three years thereafter. It is anticipated that the aggregate annual value of rental payments made to LN Group by the Group for the years ending 30 April 2017, 2018 and 2019 will be HK$10,212,381, HK$10,703,547 and HK$11,291,067 respectively.

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 nonexecutive 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 2016, the Company repurchased a total of 6,157,000 shares of the Company on the Stock Exchange at an aggregate consideration of HK$10,223,000. All the repurchased shares were subsequently cancelled. Particulars of the repurchases are as follows:

Month/Year	Number of shares repurchased	Purchase price (per share) Highest HK$	Lowest HK$	Aggregate Consideration HK$
July 2015	607,000	2.02	1.86	1,176,000
August 2015	2,450,000	2.02	1.67	4,400,000
September 2015	1,500,000	1.77	1.60	2,553,000
October 2015	600,000	1.68	1.61	984,000
December 2015	700,000	1.13	1.07	774,000
January 2016	300,000	1.12	1.11	336,000
	6,157,000			10,223,000

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. Besides, the share award scheme of the Company was adopted by the Board on 24 July 2015 "Share Award Scheme". The trustee of the Share Award Scheme, pursuant to the rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 2,660,000 shares of the Company at a total consideration of about HK$3.9 million. Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the year ended 30 April 2016.

PERMITTED INDEMNITY PROVISION

The Articles of Association of the Company provides that the Directors for the time being of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons. The Company has taken out insurance against the liabilities and costs associated with defending any proceedings which may be brought against the Directors of the Company.

EQUITY-LINKED AGREEMENTS

Details of the share option schemes and share award scheme are set out in this report and notes 21 and 22 to the consolidated financial statements. Save as disclosed above, no equity-linked agreements were entered into during the Year or subsisted at the end of the year.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Environmental conservation is a key focus for the Group. The conscientious use of resources underlies its commitment to safeguarding the environment. The Group encourages environmental protection, complies with environmental legislation and promotes awareness towards environmental protection to the employees. Also, the Group signed the first Charter on External Lighting launched by the Environment Bureau of Hong Kong to commit switching off lighting installations during preset times. LED lights are introduced at new fixtures and stores help reduce waste and transportation of materials.

COMPLIANCE WITH LAWS AND REGULATIONS

During the Year and up to the date of this report, we have complied with all the relevant laws and regulations in the places where we operate in all material respects.

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group believes its stakeholders stand with it on the roadmap of sustainability. Stable relationships and effective communication with its stakeholders and balancing interests of different stakeholders are keys to business success and sustainability of the Group.

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, 25 July 2016

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 throughout the year. Currently, Mr. Lau Pak Fai Peter has resigned from his position as the chief executive officer of the Company with effect from 7 January 2016. Mr. Lau Pak Fai Peter has been the chief executive officer since the Company's shares being listed on main board of the Stock Exchange until 6 January 2016. With the development of the Company and for enhancement of corporate governance of the Company, the change of the chief executive officer enabled the Company to comply with the code provision A.2.1 of separating the roles of Chairman and chief executive officer as set out in the CG Code. Mr. Chong Siu Hong has been appointed as the chief executive officer of the Company with effect from 7 January 2016.

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 2016.

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)*	(Resigned as the Chief Executive Officer with effect from 7 January 2016)
Ms. Ngai Lai Ha *(Vice-chairman)*	
Mr. Cheng Sing Yuk *(Chief financial officer)*	

Non-executive Director:

Mr. Yeung Yiu Keung

Independent Non-executive Directors:

Dr. LO Wing Yan William, J.P.	(Retired on 25 September 2015)
Mr. HUANG Lester Garson, J.P.	(Retired on 25 September 2015)
Mr. MANG Wing Ming Rene	
Mr. LAU Wai Pun Raymond	(Appointed on 25 September 2015)
Mr. YEE Boon Yip	(Appointed on 25 September 2015)

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 2016. 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 *(Chairman)*		5	5
Ms. Ngai Lai Ha		5	5
Mr. Cheng Sing Yuk		5	5
Mr. Yeung Yiu Keung		5	5
Mr. Mang Wing Ming Rene		5	5
Mr. Lau Wai Pun Raymond	*1*	4	4
Mr. Yee Boon Yip	*1*	4	4
Dr. Lo Wing Yan William, J.P.	*2*	1	1
Mr. Huang Lester Garson, J.P.	*2*	1	1

Notes:

1. Appointed as a Director on 25 September 2015.

2. Retired as a Director on 25 September 2015.

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, Mr. Lau Pak Fai Peter has resigned from his position as the chief executive officer of the Company with effect from 7 January 2016. Mr. Lau Pak Fai Peter has been the chief executive officer since the Company's shares being listed on main board of the Stock Exchange until 6 January 2016. With the development of the Company and for enhancement of corporate governance of the Company, the change of the chief executive officer will enable the Company to comply with the code provision A.2.1 of separating the roles of Chairman and chief executive officer as set out in the CG Code. Mr. Chong Siu Hong has been appointed as the chief executive officer of the Company with effect from 7 January 2016.

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 the independent non-executive Directors has entered into a letter of appointment with the Company for a term of one year commencing from 1 November 2015 or from the appointment dates of the Directors (i.e. 25 September 2015).

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 risk management and internal control systems with management of the Company to ensure that management has performed its duty to have an effective systems, 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 2016, 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)*		2	2
Mr. Yeung Yiu Keung		2	2
Mr. Lau Wai Pun Raymond	*1*	1	1
Mr. Yee Boon Yip	*1*	1	1
Dr. Lo Wing Yan William, J.P.	*2*	1	1

Notes:

1. Appointed as a member of the Committee on 25 September 2015.

2. Retired as a member of the Committee on 25 September 2015.

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 2016, 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 2015 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, consideration on the granting of shares under the Share Award 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 Directors.

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. Mang Wing Ming Rene *(Chairman)*	*1*	3	3
Ms. Ngai Lai Ha		3	3
Mr. Lau Wai Pun Raymond	*2*	1	1
Mr. Yee Boon Yip	*3*	1	1
Dr. Lo Wing Yan William, J.P.	*4*	1	2
Mr. Huang Lester Garson, J.P.	*5*	2	2

Notes:

1. Appointed as the chairman of the Committee on 25 September 2015.

2. Appointed as a member of the Committee on 25 September 2015.

3. Appointed as a member of the Committee on 9 October 2015.

4. Retired as a member of the Committee on 25 September 2015.

5. Retired as the chairman of the Committee on 25 September 2015.

Particulars of the Director's emoluments disclosed pursuant to Appendix 16 of the Listing Rules are set out in Note 35(a) to the consolidated financial statement. The remuneration of the members of the senior management by band is set out below:

	Number of individuals Year ended 30 April 2016
Emolument bands	
HK$Nil to HK$2,000,000	7
Total	7

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 2016, 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 Directors.

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		2	2
Mr. Lau Wai Pun Raymond	*1*	1	1
Mr. Yee Boon Yip	*1*	1	1
Dr. Lo Wing Yan William, J.P.	*2*	0	1
Mr. Huang Lester Garson, J.P.	*2*	1	1

Notes:

1. Appointed as a member of the Committee on 25 September 2015.

2. Retired as a member of the Committee on 25 September 2015.

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 2016 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 2016, the remuneration to the external auditor of the Company were approximately HK$2,376,000 and HK$406,000 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 2016. 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 2016.

INTERNAL CONTROLS

The Board is responsible for the internal control of the Group and for reviewing its effectiveness. The Board, through the Audit Committee, has conducted a review of the Group's internal control system for the year ended 30 April 2016, 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 2016, 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 2015 and were available to answer questions. All Directors of the Company at that time attended the annual general meeting, with the exception of Dr. LO Wing Yan William, J.P.. 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 set out on pages 46 to 105, which comprise the consolidated balance sheets as at 30 April 2016, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 30 April 2016, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 July 2016

Consolidated Income Statement

For the Year Ended 30 April 2016

		Year ended 30 April	
		2016	2015
	Note	**HK$'000**	HK$'000
Revenue	*5*	**2,039,575**	1,951,279
Cost of sales	*8*	**(1,091,998)**	(1,048,489)
Gross profit		**947,577**	902,790
Other income – net	*6*	**15,916**	16,675
Other loss – net	*7*	**(6,565)**	(1,566)
Distribution and advertising expenses	*8*	**(56,981)**	(53,328)
Administrative and other operating expenses	*8*	**(826,453)**	(768,996)
Operating profit		**73,494**	95,575
Finance income	*10*	**3,239**	6,184
Finance expenses	*10*	**(1,935)**	(1,691)
Finance income – net	*10*	**1,304**	4,493
Profit before income tax		**74,798**	100,068
Income tax expense	*11*	**(20,642)**	(20,829)
Profit for the year		**54,156**	79,239
Profit/(loss) attributable to:			
Owners of the Company		**66,492**	88,390
Non-controlling interests		**(12,336)**	(9,151)
		54,156	79,239
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 9.2 cents**	HK 12.2 cents
Diluted earnings per share	*12*	**HK 9.2 cents**	HK 12.2 cents

The notes on pages 53 to 105 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the Year Ended 30 April 2016

	Year ended 30 April	
	2016	2015
	HK$'000	HK$'000
Profit for the year	**54,156**	79,239
Other comprehensive loss		
Items that may be reclassified to profit or loss		
Currency translation differences	**(2,831)**	(1,861)
Other comprehensive loss for the year, net of tax	**(2,831)**	(1,861)
Total comprehensive income for the year	**51,325**	77,378
Attributable to:		
Owners of the Company	**64,466**	87,297
Non-controlling interests	**(13,141)**	(9,919)
Total comprehensive income for the year	**51,325**	77,378

The notes on pages 53 to 105 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 30 April 2016

		As at 30 April	
		2016	2015
	Note	**HK$'000**	HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*14*	**103,345**	117,161
Investment property	*15*	**13,782**	–
Intangible assets	*16*	**28,480**	30,103
Deferred income tax assets	*24*	**6,187**	5,357
Non-current prepayment and deposits	*18*	**64,738**	73,493
		216,532	226,114
Current assets			
Inventories	*19*	**280,240**	294,952
Trade and other receivables	*18*	**59,846**	58,577
Amount due from shareholders	*33(d)*	**465**	465
Pledged bank deposits	*20*	**6,555**	6,533
Bank deposits with initial terms of over three months	*20*	**372**	567
Cash and cash equivalents	*20*	**406,080**	447,376
		753,558	808,470
Total assets		**970,090**	1,034,584
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital and share premium	*21*	**581,051**	591,274
Reserves	*23 & 32*	**114,684**	128,641
		695,735	719,915
Non-controlling interests		**(966)**	12,332
Total equity		**694,769**	732,247

The notes on pages 53 to 105 are an integral part of these consolidated financial statements.

		As at 30 April	
		2016	2015
	Note	**HK$'000**	HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	*24*	**2,773**	2,462
Loans due to non-controlling shareholders of subsidiaries	*33(d)*	**–**	2,620
Provision for reinstatement cost	*25*	**2,637**	2,134
		5,410	7,216
Current liabilities			
Trade and other payable	*25*	**203,156**	193,968
Amount due to a non-controlling shareholder of a subsidiary	*33(d)*	**–**	1,147
Loan due to non-controlling shareholders of subsidiaries	*33(d)*	**3,064**	450
Borrowings	*26*	**44,373**	75,130
Current income tax liabilities		**19,318**	24,426
		269,911	295,121
Total liabilities		**275,321**	302,337
Total equity and liabilities		**970,090**	1,034,584

The notes on pages 53 to 105 are an integral part of these consolidated financial statements.

The financial statements on pages 46 to 105 were approved by the Board of Directors on 25 July 2016 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 2016

	Note	Share capital and share premium *(Note 21)*	Reserves *(Note 23)*	Total	Non-controlling interest	Total equity
		Attributable to owners of the Company				
	Note	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 May 2015		591,274	128,641	719,915	12,332	732,247
Comprehensive income:						
Profit for the year		–	66,492	66,492	(12,336)	54,156
Other comprehensive loss:						
Currency translation differences		–	(2,026)	(2,026)	(805)	(2,831)
Total other comprehensive loss		–	(2,026)	(2,026)	(805)	(2,831)
Total comprehensive income		–	64,466	64,466	(13,141)	51,325
Total contributions by and distributions to owners of the Company recognised directly in equity:						
Issue of ordinary shares by a subsidiary to a non-controlling shareholder		–	–	–	563	563
Buy back of shares	*21(a)*	(10,223)	–	(10,223)	–	(10,223)
Purchase of own shares for share award scheme	*22*	–	(3,908)	(3,908)	–	(3,908)
Employee share option and share award scheme:						
– value of services provided	*9*	–	1,577	1,577	–	1,577
Dividend paid to non-controlling shareholders		–	–	–	(720)	(720)
Dividend paid relating to 2015	*32*	–	(40,295)	(40,295)	–	(40,295)
Dividend paid relating to 2016	*32*	–	(35,797)	(35,797)	–	(35,797)
Total transaction with owners, recognised directly in equity		(10,223)	(78,423)	(88,646)	(157)	(88,803)
Balance at 30 April 2016		581,051	114,684	695,735	(966)	694,769

The notes on pages 53 to 105 are an integral part of these consolidated financial statements.

For the Year Ended 30 April 2016

	Note	Share capital and share premium (Note 21) HK$'000	Reserves (Note 23) HK$'000	Total HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
		Attributable to owners of the Company				
Balance at 1 May 2014		589,400	106,702	696,102	22,578	718,680
Comprehensive income:						
Profit 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:						
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	31	1,416	–	1,416	–	1,416
Buy back of shares	21(a)	(2,229)	–	(2,229)	–	(2,229)
Non-controlling interest arising on business combination	31	–	–	–	1,499	1,499
Change of equity interest in subsidiaries without change of control	30	–	1,493	1,493	(1,826)	(333)
Dividend paid relating to 2014	32	–	(32,551)	(32,551)	–	(32,551)
Dividend paid relating to 2015	32	–	(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 53 to 105 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 30 April 2016

	Note	Year ended 30 April 2016 HK$'000	2015 HK$'000
Cash flows from operating activities			
Cash generated from operations	*27(a)*	**131,788**	142,149
Income tax paid		**(26,234)**	(29,655)
Net cash generated from operating activities		**105,554**	112,494
Cash flows from investing activities			
Purchase of property, plant and equipment		**(26,236)**	(76,865)
Prepayment for purchase of property, plant and equipment		**–**	(248)
Proceeds from disposal of property, plant and equipment	*27(b)*	**577**	6
Acquisition of business, net of cash acquired	*31*	**–**	(1,331)
Payments of remaining consideration for the acquisition of business		**(750)**	–
Interest received		**3,239**	6,184
Decrease/(increase) in bank deposits with initial terms of over three months		**195**	(516)
Net cash used in investing activities		**(22,975)**	(72,770)
Cash flows from financing activities			
Proceeds from exercise of share option		**–**	2,687
Proceeds from issuance of ordinary shares to a non-controlling shareholder		**563**	–
Repurchase of ordinary shares for cancellation		**(10,223)**	(2,229)
Purchase of treasury shares		**(3,908)**	–
Addition in pledged bank deposits		**(22)**	(16)
Net (decrease)/increase in trust receipt loans		**(31,488)**	10,845
Proceeds from loans due to non-controlling shareholders		**–**	114
Interest paid		**(1,873)**	(1,620)
Dividend paid to non-controlling shareholders		**(720)**	–
Dividend paid		**(76,092)**	(68,107)
Proceeds paid for increase in equity interests in subsidiaries without change of control		**–**	(333)
Professional expenses paid in connection with the IPO		**–**	(427)
Net cash used in financing activities		**(123,763)**	(59,086)
Net decrease in cash and cash equivalents		**(41,184)**	(19,362)
Cash and cash equivalents at beginning of the year		**447,376**	466,432
Exchange differences on cash and cash equivalents		**(112)**	306
Cash and cash equivalents at end of the year	*20*	**406,080**	447,376

The notes on pages 53 to 105 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

International Housewares Retail Company Limited (the "**Company**") and its subsidiaries (together the "**Group**") are principally engaged in 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, KY 1-1111, Cayman Islands.

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

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 25 July 2016.

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 all applicable Hong Kong Financial Reporting Standards ("**HKFRS**"). The consolidated financial statements have been prepared under the historical cost convention.

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 amendments to standards are mandatory for the Group's financial year beginning on 1 May 2015. The adoption of these amendments has not had any significant impact to the results and financial position of the Group, except that certain disclosure has been extended.

HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contributions
Annual Improvements Project	Annual Improvements 2010-2012 Cycle and Annual Improvements 2011-2013 Cycle

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(ii) The following standards and amendments to standards have been issued but are not effective for the financial year beginning on 1 May 2015 and have not been early adopted by the Group:

		Effective for the accounting period beginning on or after
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	A date to be determined by the IASB
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 2018
HKFRS 16	Leases	1 January 2019
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 and amendments to standards that have been issued but are not effective for annual periods beginning on 1 May 2015.

2.2 Subsidiaries

2.2.1 Consolidation

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

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 of land and buildings is calculated using the straight-line method to allocate its costs to their residual values over their estimated useful lives, as follows:

– Land portion	Remaining lease term of the land
– Building portion	25 years

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:

Furniture, fixtures and equipment	5 years
Computer equipment	5 years
Motor vehicles	$3\ ^{1}/_{3}$ years
Moulds	5 years
Machinery and equipment	5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

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

2.6 Investment property

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement as part of 'other loss – net'.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Intangible assets

(i) Goodwill

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

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

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

(ii) Trademark

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

2.8 Impairment of non-financial assets

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

2.9 Inventories

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Financial assets

2.10.1 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 2.13 and 2.14)

2.10.2 Recognition and measurement

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

2.11 Offsetting financial instruments

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

2.12 Impairment of financial assets

(a) Assets carried at amortised cost

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

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13 Trade and other receivables

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (note 2.12).

2.14 Cash and cash equivalents

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

2.15 Share capital

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

2.16 Trade and other payables

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

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

2.17 Borrowings and borrowing costs

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

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

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 Employee benefits

(a) Employee leave entitlements

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

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

(b) Bonus plans

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

(c) Pension obligations

The Group 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$1,500 per employee 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.

(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.

2.20 Share-based payments

(a) Equity-settled share-based payment transactions

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Share-based payments *(Continued)*

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

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.

2.21 Provisions

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

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

2.22 Revenue recognition

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

(i) Sale of goods – wholesale

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

(ii) Sale of goods – retail

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

(iii) Licencing fees

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.22 Revenue recognition *(Continued)*

(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 a straight-line basis over the respective lease terms.

(vi) Interest income

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

(vii) Dividend income

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

2.23 Leases (as the lessee)

(i) Operating lease

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

(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.

2.24 Dividend distribution

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

2.25 Contingent liabilities

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.26 Financial guarantee contracts

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

Financial guarantees are initially recognised in the consolidated financial statements at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with HKAS 18, "Revenue", and the best estimate of the amount required to settle the guarantee. Any increase in the liability relating to guarantees is reported in the consolidated 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 2016, if Hong Kong dollar had weakened/strengthened by 5% against Renminbi and Japanese Yen with all other variables held constant, post-tax profit for the year would have been HK$11,000 (2015: HK$4,055,000) higher/lower and HK$170,000 (2015: HK$231,000) lower/higher respectively, mainly as a result of foreign exchange gains/losses on translation of Renminbi dollar-denominated cash and cash equivalents and Japanese Yen-denominated trust receipt loans.

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Market risk *(Continued)*

(ii) Cash flow and fair value interest rate risk

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

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

(b) Credit risk

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

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

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

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

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

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 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	**Less than 1 year**	**Over 1 year**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 30 April 2016				
Trust receipt loans subject to a repayment on demand clause	44,373	–	–	44,373
Trade and other payable	–	192,237	–	192,237
Loans due to non-controlling shareholders of subsidiaries	–	3,072	–	3,072
	44,373	195,309	–	239,682
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

3 FINANCIAL RISK MANAGEMENT *(Continued)*

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 2016 and 2015 were as follows:

	As at 30 April	
	2016	2015
	HK$'000	HK$'000
Total borrowings and loans from non-controlling shareholders	**47,437**	78,200
Total equity	**694,769**	732,247
Gearing ratio	**6.8%**	10.7%

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.

The method by which the fair values of financial instruments are established are categorised as follows:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (for example, as prices) or indirectly (for example, derived from prices).

(iii) Level 3: inputs for the asset or liability that are not based on observable market data.

The disclosure of the investment property that is measured at fair value is set out in note 15.

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 2.8. 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 2.8. 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.

The recoverable amount of the trademark is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management. Key assumptions used in the financial budgets include gross profit margin, revenue growth rate and discount rate. As a result of the impairment assessment, no impairment charge was necessary in respect of the trademark as the recoverable amount calculated based on value-in-use exceeds its carrying value. A fall in the projected gross profit margin by 2% would not result in any impairment of the trademark.

(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) Fair value of investment properties

Fair value of investment properties are determined by using the direct comparison approach, assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market. Judgment is required to determine the principal valuation assumptions to determine the fair value of the investment property. The higher the average recent market price of similar properties, the higher the fair value of the investment property held by the Group. Details of the judgment and assumptions have been disclosed in Notes 15.

(d) 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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(e) 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.

(f) 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.

(g) 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 2016 is as follows:

	Retail HK$'000	Wholesales HK$'000	Licencing and others HK$'000	Total HK$'000
Segment revenue (all from external customers)	**2,015,960**	**23,223**	**392**	**2,039,575**
Cost of sales	**(1,072,692)**	**(19,306)**	**–**	**(1,091,998)**
Segment results	**943,268**	**3,917**	**392**	**947,577**
Gross profit %**	**46.79%**	**16.87%**	**–**	**46.46%**
Other income				**15,916**
Other losses, net				**(6,565)**
Distribution and advertising expenses				**(56,981)**
Administrative and other operating expense				**(826,453)**
Operating profit				**73,494**
Finance income				**3,239**
Finance costs				**(1,935)**
Profit before income tax				**74,798**
Income tax expense				**(20,642)**
Profit for the year				**54,156**

** 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 2015 is as follows:

	Retail	**Wholesales**	**Licencing and others**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'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).

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 revenue from the Group's largest customer amounted to less than 10% of the Group's total revenue for each of the years ended 30 April 2016 and 2015.

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

	Year ended 30 April	
	2016	2015
	HK$'000	HK$'000
Hong Kong	**1,755,007**	1,651,154
Mainland China	**4,822**	4,945
Singapore	**231,115**	238,213
Malaysia	**9,290**	20,407
Macau	**39,341**	36,560
	2,039,575	1,951,279

5 SEGMENT INFORMATION *(Continued)*

The total of non-current assets, other than intangible assets and deferred income tax assets of the Group as at 30 April 2016 and 2015 are as follows:

	As at 30 April	
	2016	2015
	HK$'000	HK$'000
Hong Kong	**137,385**	130,739
Mainland China	**13,782**	17,169
Singapore	**28,745**	32,702
Malaysia	**–**	7,155
Macau	**1,953**	2,889
	181,865	190,654

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

	Year ended 30 April	
	2016	2015
	HK$'000	HK$'000
Advertising and promotion income	**9,527**	9,801
Sub-leasing rental income	**3,142**	3,957
Tax indemnity from shareholders	**–**	465
Sundry income	**3,247**	2,452
	15,916	16,675

7 OTHER LOSS – NET

	Year ended 30 April	
	2016	2015
	HK$'000	HK$'000
Fair value gain on investment property *(Note 15)*	**1,338**	–
Loss on disposal of property, plant and equipment, net *(Note 27(b))*	**(7,176)**	(1,566)
Impairment loss of goodwill *(Note 16)*	**(727)**	–
	(6,565)	(1,566)

8 EXPENSES BY NATURE

	Year ended 30 April	
	2016	2015
	HK$'000	HK$'000
Auditors' remuneration		
– Audit services	**2,376**	2,420
– Non-audit services	**406**	323
Air conditioning expenses	**13,045**	12,063
Advertising and promotion expenses	**14,587**	13,445
Amortisation of trademark *(note 16)*	**614**	630
Building management fees	**32,004**	30,934
Cost of inventories sold	**1,091,998**	1,048,489
Delivery charges	**40,000**	36,689
Depreciation expense *(note 14)*		
– owned property, plant and equipment	**31,993**	32,530
Employee benefit expense (including directors' emoluments) *(note 9)*	**303,839**	282,136
Government rates	**11,162**	10,207
Legal and professional fee	**2,813**	4,013
Operating lease rental	**349,682**	324,047
Repair and maintenance	**13,280**	7,602
Utility expenses	**26,129**	28,225
Net exchange losses	**5,690**	89
Others	**35,814**	36,971
Total cost of sales, distribution and advertising expenses, and administrative and other operating expenses	**1,975,432**	1,870,813

9 EMPLOYEE BENEFIT EXPENSES

	Year ended 30 April	
	2016	2015
	HK$'000	HK$'000
Salaries and bonuses	**282,331**	264,246
Pension costs – defined contribution plans	**15,266**	14,168
Other employee benefits	**4,665**	2,466
Share-based compensation	**1,577**	1,256
	303,839	282,136

9 EMPLOYEE BENEFIT EXPENSES *(Continued)*

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2015: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2015: two) individuals during the year are as follows:

	Year ended 30 April	
	2016	2015
	HK$'000	HK$'000
Salaries and bonuses	**2,753**	2,256
Pension cost – defined contribution plans	**36**	29
	2,789	2,285

The emoluments fell within the following bands:

	Number of individuals	
	Year ended 30 April	
	2016	2015
Emolument bands		
HK$1,000,001 – HK$1,500,000	**1**	2
HK$1,500,001 – HK$2,000,000	**1**	–
	2	2

(b) During the year ended 30 April 2016, 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 (2015: Nil).

10 FINANCE INCOME AND COSTS

	Year ended 30 April	
	2016	2015
	HK$'000	HK$'000
Interest expense:		
– trust receipt loans and bank overdrafts	**1,873**	1,620
– loan from a non-controlling shareholder of a subsidiary	**62**	71
Finance expenses	**1,935**	1,691
Finance income:		
Interest income on short-term bank deposits	**(3,239)**	(6,184)
Finance income – net	**1,304**	(4,493)

11 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 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.

	Year ended 30 April	
	2016	2015
	HK$'000	HK$'000
Current income tax		
– Hong Kong profits tax	**20,631**	21,318
– Overseas taxation	**530**	585
– Over provisions in prior years	**(34)**	(240)
Deferred income tax *(Note 24)*	**(485)**	(834)
	20,642	20,829

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:

	Year ended 30 April	
	2016	2015
	HK$'000	HK$'000
Profit before income tax	**74,798**	100,068
Tax calculated at domestic tax rates applicable to profits in the respective countries	**10,196**	14,885
Tax effects of:		
– Income not subject to tax	**(592)**	(1,401)
– Expenses not deductible for tax purposes	**2,064**	1,840
– Tax losses for which no deferred income tax asset was recognised	**9,130**	5,579
– Others	**(122)**	166
Over provisions in prior years	**(34)**	(240)
Income tax expense	**20,642**	20,829

The weighted average applicable tax rate was 13.6% (2015: 14.9%).

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 2009/10 to the three subsidiaries, demanding tax totalling HK$19,160,000. 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 2015: HK$2,113,000) in the Group's consolidated balance sheet as at 30 April 2016 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.

	Year ended 30 April	
	2016	2015
	HK$'000	HK$'000
Profit attributable to owners of the Company *(HK$'000)*	**66,492**	88,390
Weighted average number of ordinary shares in issue (in thousands)	**719,414**	724,467
Basic earnings per share attributable to owners of the Company (HK cents per share)	**9.2**	12.2

(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 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.

	Year ended 30 April	
	2016	2015
	HK$'000	HK$'000
Profit attributable to owners of the Company *(HK$'000)*	**66,492**	88,390
Weighted average number of ordinary shares in issue (in thousands)	**719,414**	724,467
Adjustments for:		
– Share options (thousands)	**929**	1,785
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	**720,343**	726,252
Diluted earnings per share attributable to owners of the Company (HK cents per share)	**9.2**	12.2

13 SUBSIDIARIES

The following is a list of the principal subsidiaries at year end:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued/ registered share capital	As at 30 April 2016 Interest held	2015 Interest held
Matusadona Investments 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#	Malaysia, limited liability company	Inactive	MYR$4,471,485	**59.6%**	59.6%
Familj (China) Limited#	Hong Kong limited liability company	Investment holding in Hong Kong	HK$292,000	**100%**	100%
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	Investment of properties in Nanjing, Mainland China	RMB27,443,321	**100%**	100%
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#	Hong Kong, limited company	Retail sales of gifts and accessories products in Hong Kong	HK$14,753,333	**71.25%**	70%
Conpark International Investment Limited#	Hong Kong, limited company	Investment of properties in Hong Kong	HK$100	**100%**	100%
Delight Fame Investment Limited#	Hong Kong, limited company	Dormant	HK$1	**100%**	100%

* Equity interest directly held by the Company.

\# Equity interest indirectly held by the Company.

(a) Material non-controlling interests

The total non-controlling interest as at 30 April 2016 is HK$966,000 (2015: HK$12,332,000) 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.

14 PROPERTY, PLANT AND EQUIPMENT

	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 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 31)*	–	928	2	8	–	–	–	938
Additions	42,618	17,843	14,276	2,185	1,902	–	465	79,289
Disposals *(Note 27(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
Year ended 30 April 2016								
Opening net book amount	42,825	33,661	32,992	5,010	1,846	–	827	117,161
Additions	–	15,075	9,430	1,363	1,005	–	49	26,922
Disposals *(Note 27(b))*	–	(4,861)	(2,277)	(217)	(398)	–	–	(7,753)
Depreciation *(Note 8)*	(384)	(15,070)	(12,925)	(2,260)	(985)	–	(369)	(31,993)
Exchange difference	–	(427)	(488)	(31)	(46)	–	–	(992)
Closing net book amount	42,441	28,378	26,732	3,865	1,422	–	507	103,345
At 30 April 2016								
Cost	42,975	129,744	114,662	20,092	5,485	4,125	3,563	320,646
Accumulated depreciation	(534)	(101,366)	(87,930)	(16,227)	(4,063)	(4,125)	(3,056)	(217,301)
Net book amount	42,441	28,378	26,732	3,865	1,422	–	507	103,345

Depreciation expense of HK$31,993,000 (2015: HK$32,530,000) has been charged in administrative and other operating expenses (Note 8).

15 INVESTMENT PROPERTY

	As at 30 April	
	2016	2015
	HK$'000	HK$'000
At fair value		
Opening balance at 1 May	**–**	–
Addition	**12,463**	–
Net gain from fair value adjustment *(Note 7)*	**1,338**	–
Exchange alignment	**(19)**	–
Closing balance at 30 April	**13,782**	–

As at 30 April 2016, the Group had no unprovided contractual obligations for further repairs and maintenance (2015: Nil).

The investment property is situated in Mainland China and held on lease of between 10 to 50 years.

The investment property was revalued as at 30 April 2016 by Dudley Surveyors (Hong Kong) Ltd., a member of the Hong Kong Institute of Surveyors. The valuation was derived using the direct comparison approach, assuming sale of the property interest in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

The fair value measurement of the Group's investment property is categorised into level 3 in the fair value hierarchy based on the inputs to valuation techniques used.

The gain for the year included in profit or loss for investment property categorised into level 3 held at the end of the year under 'Other loss – net' is HK$1,338,000 (2015: Nil).

The Group's policy is to recognise transfers into/out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers among Levels 1, 2 and 3 during the year.

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment property:

	Significant unobservable inputs	**Price**	**Relationship of unobservable inputs to fair value**
As at 30 April 2016			
Land and buildings in Mainland China	Market unit sale price (per square meter)	HK$29,722	The higher the market unit sales price, the higher the fair value

16 INTANGIBLE ASSETS

	Goodwill HK$'000	Trademark HK$'000	Total HK$'000
As at 1 May 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 31)*	–	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
Year ended 30 April 2016			
Opening net book amount	6,658	23,445	30,103
Currency translation differences	–	(282)	(282)
Impairment	(727)	–	(727)
Amortisation charge *(Note 8)*	–	(614)	(614)
Closing net book amount	5,931	22,549	28,480
As at 30 April 2016			
Cost	6,658	26,609	33,267
Accumulated amortisation	–	(2,783)	(2,783)
Accumulated impairment	(727)	–	(727)
Exchange realignment	–	(1,277)	(1,277)
Net book amount	5,931	22,549	28,480

Amortisation expense of HK$614,000 (2015: HK$630,000) 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 *(Continued)*

For the purpose of impairment test on goodwill, the recoverable amounts of the retail business units in 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.

As the retail business in Mainland China has been closed down during the year, the goodwill related to Mainland China business has been fully impaired.

17 FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables	
	As at 30 April	
	2016	2015
	HK$'000	HK$'000
Assets as per balance sheet		
Trade and other receivables	**121,233**	115,111
Amount due from shareholders	**465**	465
Pledged bank deposits	**6,555**	6,533
Bank deposits with initial terms of over three months	**372**	567
Cash and cash equivalents	**406,080**	447,376
Total	**534,705**	570,052

	Financial liabilities at amortised cost	
	As at 30 April	
	2016	2015
	HK$'000	HK$'000
Liabilities as per balance sheet		
Trade and other payables	**192,237**	184,646
Amount due to a non-controlling shareholder of a subsidiary	**–**	1,147
Loans due to non-controlling shareholders of subsidiaries	**3,064**	3,070
Bank borrowings	**44,373**	75,130
Total	**239,674**	263,993

18 TRADE AND OTHER RECEIVABLES

	As at 30 April	
	2016	2015
	HK$'000	HK$'000
Trade receivables	**8,680**	6,721
Prepayments	**3,351**	16,959
Deposits and other receivables	**112,553**	108,390
	124,584	132,070
Less non-current portion:		
Deposits	**(64,738)**	(60,763)
Prepayment for purchase of property, plant and equipment	**–**	(12,730)
	(64,738)	(73,493)
Current portion	**59,846**	58,577

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

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:

	As at 30 April	
	2016	2015
	HK$'000	HK$'000
Up to 3 months	**8,680**	6,721

As of 30 April 2016, trade receivables of HK$3,210,000 (2015: HK$4,947,000) 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:

	As at 30 April	
	2016	2015
	HK$'000	HK$'000
Up to 3 months	**3,210**	4,947

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

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

18 TRADE AND OTHER RECEIVABLES *(Continued)*

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

	As at 30 April	
	2016	2015
	HK$'000	HK$'000
United States dollars	**3,296**	5,270
Hong Kong dollars	**97,446**	86,524
Singapore dollars	**21,035**	21,266
Malaysian Ringgit	**300**	2,167
Renminbi	**867**	15,112
Taiwan New Dollar	**182**	273
Macau Patacas	**1,458**	1,458
	124,584	132,070

19 INVENTORIES

	As at 30 April	
	2016	2015
	HK$'000	HK$'000
Merchandise	**280,240**	294,952

The cost of inventories recognised as an expense and included in cost of sales amounted to HK$1,091,998,000 (2015: HK$1,048,489,000) (Note 8).

20 CASH AND BANK BALANCES

	As at 30 April	
	2016	2015
	HK$'000	HK$'000
Cash at bank and on hand	**177,806**	143,153
Short-term bank deposits	**235,201**	311,323
	413,007	454,476
Less: pledged bank deposits	**(6,555)**	(6,533)
Less: bank deposits with initial terms of over three months	**(372)**	(567)
Cash and cash equivalents	**406,080**	447,376
Maximum exposure to credit risk	**408,765**	450,825

20 CASH AND BANK BALANCES *(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:

	As at 30 April	
	2016	2015
	HK$'000	HK$'000
United States dollars	**14,613**	13,586
Hong Kong dollars	**383,318**	326,712
Singapore dollars	**1,199**	1,552
Malaysian Ringgit	**426**	1,967
Renminbi	**2,625**	103,984
Taiwan New Dollar	**841**	760
Macau Patacas	**8,272**	4,633
Japanese Yen	**1,713**	1,282
	413,007	454,476

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

21 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares (thousands)	**Share capital** HK$'000	**Share premium** HK$'000	**Total** HK$'000
At 1 May 2014	723,216	72,322	517,078	589,400
Issuance of new shares for acquisition of business *(Note 31)*	800	80	1,336	1,416
Buy back of shares *(Note (a))*	(1,225)	(123)	(2,106)	(2,229)
Exercise of options *(Note (b))*	1,620	162	2,525	2,687
At 30 April 2015	724,411	72,441	518,833	591,274
Buy back of shares *(Note (a))*	(6,157)	(616)	(9,607)	(10,223)
At 30 April 2016	718,254	71,825	509,226	581,051

Notes:

(a) The Company acquired 6,157,000 (2015: 1,225,000) of its own shares through purchases on the Hong Kong Stock Exchange from 28 July 2015 to 8 January 2016 (2015: 26 March 2015 to 22 April 2015). The total amount paid to acquire the shares was HK$10,223,000 (2015: HK$2,229,000) and has been deducted from share capital and share premium.

(b) During the year ended 30 April 2015, 1,620,000 shares were issued and allotted upon the exercise of options granted under the share option scheme.

21 SHARE CAPITAL AND SHARE PREMIUM *(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 Investments Limited (the "**2010 Scheme**") with the aim to incentivise the Group's employees. Immediately prior to the completion of listing, Matusadona Investments Limited 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, 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 2,960,000 (2015: 2,660,000) 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:

	Average exercise price in HK$ per share	Options (thousands)
At 1 May 2015	2.23	7,601
Granted	1.08	2,960
At 30 April 2016	1.91	10,561
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

21 SHARE CAPITAL AND SHARE PREMIUM *(Continued)*

Share options *(Continued)*

(ii) Share Option Scheme *(Continued)*

Out of the 10,561 thousand outstanding share options (2015: 7,601 thousand), 5,292 thousand options (2015: 2,742 thousand) were exercisable. Options exercised in 2015 resulted in 1,620 thousand shares being issued at a weighted average price of HK$1.66.

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

Expiry date	Exercise price in HK$ per share option	Options (thousands)	
		2016	2015
11 October 2018	1.04	**632**	632
11 October 2019	1.39	**883**	883
15 October 2020	1.86	**1,651**	1,651
27 February 2022	3.86	**1,775**	1,775
11 November 2022	1.93	**2,660**	2,660
20 January 2024	1.08	**2,960**	–
At 30 April 2016		**10,561**	7,601

The weighted average fair value of options granted during the year determined using the Black-Scholes valuation model was HK$0.16 per option (2015: HK$0.35). The significant inputs into the model were weighted average share price of HK$1.08 (2015: HK$1.93) at the grant date, exercise price shown above, volatility of 39.3% (2015: 38.7%), dividend yield of 10.4% (2015: 5.0%), an expected option life of 512 days (2015: 248 days), and an annual risk-free interest rate of 0.8% (2015: 0.6%). The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last three years. The total expense recognised in the income statement for share options granted to directors and employees for the year ended 30 April 2016 is HK$922,000 (2015: HK$1,256,000).

22 SHARE AWARD SCHEME

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

During the year, 954,000 shares were granted to selected participants pursuant to the Share Award Scheme. Also, the trustee of the Share Award Scheme purchased 2,660,000 shares of the Company on the Stock Exchange. The total amount paid to acquire the shares was HK$3,908,000 and has been deducted from shareholders' equity. As at 30 April 2016, such shares were recorded as treasury shares of the Group as they are not fully vested. For the year ended 30 April 2016, total expense recognised in the consolidation income statement for share award granted is approximately HK$655,000 (2015: Nil).

23 RESERVES

	Merger reserve HK$'000	Share-based compensation reserve HK$'000	Capital reserve HK$'000	Translation reserve HK$'000	Retained earnings HK$'000	Shares held for share award scheme HK$'000	Total HK$'000
Balance at 1 May 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 30)*	–	–	1,493	–	–	–	1,493
Dividend related to 2014 *(Note 32)*	–	–	–	–	(32,551)	–	(32,551)
Dividend related to 2015 *(Note 32)*	–	–	–	–	(35,556)	–	(35,556)
Balance at 30 April 2015	(106,347)	3,507	1,493	(1,655)	231,643	–	128,641
Profit for the year	–	–	–	–	66,492	–	66,492
Currency translation differences	–	–	–	(2,026)	–	–	(2,026)
Purchase of own shares for share award scheme *(Note 22)*	–	–	–	–	–	(3,908)	(3,908)
Employees share option and share award scheme:							
– Value of employee services *(Note 9)*	–	1,577	–	–	–	–	1,577
Dividend related to 2015 *(Note 32)*	–	–	–	–	(40,295)	–	(40,295)
Dividend related to 2016 *(Note 32)*	–	–	–	–	(35,797)	–	(35,797)
Balance at 30 April 2016	(106,347)	5,084	1,493	(3,681)	222,043	(3,908)	114,684

24 DEFERRED INCOME TAX

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

	As at 30 April	
	2016	2015
	HK$'000	HK$'000
Deferred tax assets:		
– To be recovered after more than 12 months	**5,799**	4,781
– To be recovered within 12 months	**388**	576
	6,187	5,357
Deferred income tax liabilities:		
– To be settled after more than 12 months	**(2,773)**	(2,451)
– To be settled within 12 months	**–**	(11)
	(2,773)	(2,462)
Deferred tax assets (net)	**3,414**	2,895

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

	HK$'000
At 1 May 2014	1,930
Credited to consolidated income statement *(Note 11)*	834
Currency translation differences	131
At 30 April 2015	2,895
Credited to consolidated income statement *(Note 11)*	485
Currency translation differences	34
At 30 April 2016	3,414

24 DEFERRED INCOME TAX *(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:

	Decelerated tax depreciation	**Unrealised profit**	**Total**
	HK$'000	HK$'000	HK$'000
Deferred tax assets			
At 1 May 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
Credited/(charged) to the consolidated income statement	1,018	(188)	830
At 30 April 2016	5,799	388	6,187

	Accelerated tax depreciation	**Deferred fair value gain**	**Total**
	HK$'000	HK$'000	HK$'000
Deferred tax liabilities			
At 1 May 2014	2,989	–	2,989
Credited to the consolidated income statement	(409)	–	(409)
Currency translation differences	(118)	–	(118)
At 30 April 2015	2,462	–	2,462
Charged to the consolidated income statement	11	334	320
Currency translation differences	(30)	(4)	(34)
At 30 April 2016	2,443	330	2,773

24 DEFERRED INCOME TAX *(Continued)*

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$19,881,000 (2015: HK$10,751,000) in respect of losses amounting to approximately HK$89,578,000 (2015: HK$46,911,000) that can be carried forward against future taxable income.

	As at 30 April	
	2016	2015
	HK$'000	HK$'000
With no expiry date	**63,103**	32,131
Expiry in 2017	**360**	360
Expiry in 2018	**3,245**	3,245
Expiry in 2019	**4,880**	4,880
Expiry in 2020	**6,295**	6,295
Expiry in 2021	**11,695**	–
	89,578	46,911

25 TRADE AND OTHER PAYABLES AND PROVISION FOR REINSTATEMENT COST

	As at 30 April	
	2016	2015
	HK$'000	HK$'000
Current		
Trade payables	**159,591**	151,148
Other payables and accruals	**32,646**	33,498
Deposit received	**148**	181
Receipts in advance and cash coupons	**2,225**	2,781
Provision for customer loyalty programs	**2,179**	425
Provision for employee benefits	**6,367**	5,935
	203,156	193,968
Non-current		
Provision for reinstatement cost	**2,637**	2,134
	205,793	196,102

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

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

	As at 30 April	
	2016	2015
	HK$'000	HK$'000
0 – 30 days	**72,887**	76,325
31 – 60 days	**38,850**	31,178
61 – 90 days	**31,442**	22,105
91 – 120 days	**14,443**	19,984
Over 120 days	**1,969**	1,556
	159,591	151,148

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

	As at 30 April	
	2016	2015
	HK$'000	HK$'000
United States dollars	**880**	674
Hong Kong dollars	**176,127**	167,998
Singapore dollars	**25,839**	23,986
Malaysian Ringgit	**263**	1,330
Renminbi	**993**	1,050
Taiwan New Dollar	**892**	231
Macau Patacas	**361**	374
Japanese Yen	**434**	443
South Korean Won	**4**	16
	205,793	196,102

26 BORROWINGS

	As at 30 April	
	2016	2015
	HK$'000	HK$'000
Current		
Trust receipt loans, secured and contain a repayment on demand clause	**44,373**	75,130

26 BORROWINGS *(Continued)*

At 30 April 2016, the Group's borrowings were repayable as follows:

	As at 30 April	
	2016	2015
	HK$'000	HK$'000
Within 1 year	**44,373**	75,130

Bank borrowings are secured by pledged deposit of HK$6,555,000 (2015: HK$6,533,000) 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:

	As at 30 April	
	2016	2015
	HK$'000	HK$'000
Hong Kong dollars	**16,193**	22,911
Japanese Yen	**5,558**	6,641
Singapore dollars	**8,956**	–
Euro	**–**	200
British Pound	**315**	–
United States dollars	**13,351**	45,378
	44,373	75,130

The Group has the following undrawn borrowing facilities:

	As at 30 April	
	2016	2015
	HK$'000	HK$'000
Floating rate:		
– Expiring within one year	**133,644**	101,911

The facilities expiring within one year are annual facilities subject to review at various dates during 2016.

27 CASH GENERATED FROM OPERATIONS

(a) Cash generated from operations:

	Year ended 30 April	
	2016	2015
	HK$'000	HK$'000
Profit before income tax	**74,798**	100,068
Adjustments for:		
– Loss on disposal of property, plant and equipment, net	**7,176**	1,566
– Depreciation	**31,993**	32,530
– Amortisation of trademark	**614**	630
– Interest income	**(3,239)**	(6,184)
– Interest expense	**1,935**	1,691
– Employee share-based compensation	**1,577**	1,256
– Impairment loss on goodwill	**727**	–
– Fair value gain on investment property	**(1,338)**	–
Changes in working capital:		
– Decrease in inventories	**15,603**	17,897
– Increase in trade and other receivables	**(5,158)**	(21,617)
– Increase in trade and other payables	**7,497**	14,777
– Increase in net amounts due from shareholders	**–**	(465)
– Decrease in amount due to a non-controlling shareholder	**(397)**	–
Cash generated from operations	**131,788**	142,149

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

	Year ended 30 April	
	2016	2015
	HK$'000	HK$'000
Net book amount *(Note 14)*	**7,753**	1,572
Loss on disposal of property, plant and equipment, net	**(7,176)**	(1,566)
Proceeds from disposal of property, plant and equipment	**577**	6

28 CONTINGENT LIABILITIES

The Group's bankers have given guarantees in lieu of deposits amounting to HK$15,581,000 (2015: HK$14,061,000) to the Group's landlords and utility providers. These guarantees are counter indemnified by corporate guarantees and pledged deposits provided by certain subsidiaries.

29 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	
	2016	2015
	HK$'000	HK$'000
No later than one year	**303,298**	273,571
Later than one year and no later than five years	**276,786**	251,706
	580,084	525,277

Generally, the Group's operating leases have terms ranging from 1 to 5 years, certain operating leases have rent 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	
	2016	2015
	HK$'000	HK$'000
No later than one year	**1,497**	1,600
Later than one year and no later than five years	**751**	941
	2,248	2,541

30 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

During the year ended 30 April 2015, 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

31 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
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 business, 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.

32 DIVIDEND

The dividends paid in 2016 and 2015 were HK$76,092,000 (HK10.6 cents per share) and HK$68,107,000 (HK9.4 cents per share) respectively. A final dividend in respect of the year ended 30 April 2016 of HK5.6 cents per share, amounting to a total dividend of HK$40,073,000, is to be proposed at the general meeting on 26 September 2016. These financial statements do not reflect this dividend payable.

	Year ended 30 April	
	2016	2015
	HK$'000	HK$'000
Interim dividend paid of HK5.0 cents (2015: HK4.9 cents) per ordinary share	**35,797**	35,556
Proposed final dividend of HK5.6 cents (2015: HK5.6 cents) per ordinary share	**40,073**	40,295
	75,870	75,851

33 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

(a) Sales of goods and services

		Year ended 30 April	
		2016	2015
	Note	**HK$'000**	HK$'000
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.

33 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(b) Purchase of goods and services

	Note	Year ended 30 April 2016 HK$'000	2015 HK$'000
Operating lease rentals in respect of retail shops to related companies:			
– Mulan's Garden (HK) Limited	*(i)*	**6,275**	5,759
– JHC (Investment) Limited	*(i)*	**870**	805
– Hong Sing Investment Limited	*(i)*	**11,561**	10,497
– Charm Rainbow Limited	*(i)*	**1,944**	1,859
– Hugo Grand Limited	*(i)*	**5,177**	4,451
Consultancy fee to a non-controlling shareholder of a subsidiary	*(ii)*	**105**	108
Purchase of goods from a non-controlling shareholder of a subsidiary	*(iii)*	**1,081**	1,610

Note:

(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.

(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 2016 HK$'000	2015 HK$'000
Short-term employee benefits	**13,678**	14,784
Post-employment benefits – defined contribution plans	**204**	209
Other long-term benefits	**1,107**	949
	14,989	15,942

33 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(d) Year-end balances

		As at 30 April	
		2016	2015
	Note	**HK$'000**	HK$'000
Amount due from shareholders	*(i)*	**465**	465
Amount due to a non-controlling shareholder of a subsidiary	*(ii)*	**–**	1,147
Loans due to non-controlling shareholders of subsidiaries			
– JHC Retail (M) Sdn Bhd	*(iii)*	**411**	450
– Japan Home (Retail) Pte Ltd	*(iv)*	**2,539**	2,506
– JHC (Mirror) Limited	*(v)*	**114**	114

Note:

(i) The amounts due from shareholders were unsecured, interest-free, and repayable on demand and denominated in Hong Kong dollars. Its carrying value as at 30 April 2016 approximated its fair value.

(ii) Except for an amount of HK$750,000 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 was unsecured, repayable on demand and was denominated in Hong Kong dollar. The carrying values due at 30 April 2015 approximated the fair value.

(iii) The loan due to a non-controlling shareholder of JHC Retail (M) Sdn Bhd is unsecured, interest free, and the non-controlling shareholder has confirmed that he will not demand for the repayment of the loan until such time JHC Retail (M) Sdn Bhd decides to pay (2015: principal and interest repayable on 20 November 2015). The loan is denominated in Malaysian Ringgit and the carrying value as at 30 April 2016 and 2015 approximates the fair value.

(iv) The loan due to a non-controlling shareholder of Japan Home (Retail) Pte Ltd is unsecured, bearing interest at 2.95% 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 2016 and 2015 approximate the fair values.

(v) The loans due to non-controlling shareholders of JHC Mirror Limited are unsecured, interest free with its principal 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 2016 approximate the fair values.

34 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	Note	As at 30 April 2016 HK$'000	2015 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries		**110,948**	109,370
Current assets			
Other receivables and prepayments		**832**	1,274
Amounts due from subsidiaries		**492,788**	442,608
Cash and cash equivalents		**28,593**	109,046
		522,213	552,928
Total assets		**633,161**	662,298
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital and share premium		**581,051**	591,274
Reserves	*Note (a)*	**37,986**	69,923
Total equity		**619,037**	661,197
LIABILITIES			
Current liabilities			
Other payables		**67**	178
Amount due to subsidiaries		**14,057**	923
Total liabilities		**14,124**	1,101
Total equity and liabilities		**633,161**	662,298

The balance sheet of the company was approved by the Board of Directors on 25 July 2016 and were signed on its behalf.

LAU Pak Fai, Peter
Director

NGAI Lai Ha
Director

34 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

Note (a) Reserve movement of the Company

	Share-based compensation reserve	Retained earnings	Shares held for share award scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 May 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 32)*	–	(32,551)	–	(32,551)
Dividend related to 2015 *(Note 32)*	–	(35,556)	–	(35,556)
Balance at 30 April 2015	3,507	66,416	–	69,923
Profit for the year	46,486	–	46,486	
Purchase of treasury shares	–	–	(3,908)	(3,908)
Employees share option and share award scheme:				
– Value of employee services	1,577	–	–	1,577
Dividend related to 2015 *(Note 32)*	–	(40,295)	–	(40,295)
Dividend related to 2016 *(Note 32)*	–	(35,797)	–	(35,797)
Balance at 30 April 2016	5,084	36,810	(3,908)	37,986

35 BENEFITS AND INTEREST OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATIONS (CAP. 622G) AND THE HK LISTING RULES)

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

For the year ended 30 April 2016:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking							Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	
	Fees	Salary	Discretionary bonuses	Housing allowance	Estimated money value of other benefits *(Note i)*	Employer's contribution to a retirement benefit scheme	Remuneration paid or receivable in respect of accepting office as director		Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Chief executive officer:									
Chong Siu Hong *(Note ii)*	–	552	–	–	–	6	–	–	558
Executive director:									
Lau Pak Fai, Peter *(Note iii)*	188	1,751	–	–	105	18	–	–	2,062
Ngai Lai Ha	264	2,177	–	–	105	18	–	–	2,564
Cheng Sing Yuk	120	1,181	–	–	171	18	–	–	1,490
Non-executive director:									
Yeung Yiu Keung	120	–	–	–	–	–	–	–	120
Independent non-executive directors:									
Lo Wing Yan William *(Note iv)*	120	–	–	–	–	–	–	–	120
Huang Lester Garson *(Note iv)*	120	–	–	–	–	–	–	–	120
Mang Wing Ming, Rene	120	–	–	–	20	–	–	–	140
Lau Wai Pun, Raymond *(Note v)*	72	–	–	–	–	–	–	–	72
Yee Boon Yip *(Note v)*	72	–	–	–	–	–	–	–	72
Total	1,196	5,661	–	–	401	60	–	–	7,318

35 BENEFITS AND INTEREST OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATIONS (CAP. 622G) AND THE HK LISTING RULES) *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

For the year ended 30 April 2015 (restated):

Certain of the comparative information of directors' emoluments for the year ended 30 April 2015 previously disclosed in accordance with the predecessor Companies Ordinance have been restated in order to comply with the new scope and requirements by the Hong Kong Companies Ordinance (Cap.622).

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking								
	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Housing allowance HK$'000	Estimated money value of other benefits *(Note i)* HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Remuneration paid or receivable in respect of accepting office as director HK$'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking HK$'000	Total HK$'000
Executive director:									
Lau Pak Fai, Peter	264	2,503	–	–	114	18	–	–	2,899
Ngai Lai Ha	264	2,422	–	–	114	18	–	–	2,818
Cheng Sing Yuk	120	1,292	–	–	151	18	–	–	1,581
Non-executive director:									
Yeung Yiu Keung	120	–	–	–	–	–	–	–	120
Chung Tak Wai *(Note vi)*	60	–	–	–	–	–	–	–	60
Independent non-executive directors:									
Tsui Ka Yiu *(Note vi)*	60	–	–	–	–	–	–	–	60
Lo Wing Yan William	300	–	–	–	–	–	–	–	300
Huang Lester Garson	300	–	–	–	–	–	–	–	300
Mang Wing Ming, Rene *Note vii)*	60	–	–	–	14	–	–	–	74
Total	1,548	6,217	–	–	393	54	–	–	8,212

35 BENEFITS AND INTEREST OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATIONS (CAP. 622G) AND THE HK LISTING RULES) *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

Notes:

(i) Other benefits includes share based compensation.

(ii) Appointed on 7 January 2016.

(iii) Resigned as a chief executive officer on 7 January 2016.

(iv) Retired on 25 September 2015.

(v) Appointed on 25 September 2015.

(vi) Resigned on 1 November 2014.

(vii) Appointed on 1 November 2014.

None of the directors have waived any of the emoluments during the year ended 30 April 2016 and 2015.

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year ended 30 April 2016 (2015: Nil).

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year ended 30 April 2016 (2015: Nil).

(d) Consideration provided to third parties for making available directors' services

During the year ended 30 April 2016, the Company did not pay consideration to any third parties for making available directors' services (2015: Nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 30 April 2016, there is no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the year (2015: Nil).

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company 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 ended 30 April 2016 (2015: Nil) other than those disclosed in note 33.

Corporate Information

DIRECTORS

Executive Directors:
Mr. Lau Pak Fai Peter *(Chairman)*
(Resigned as the Chief Executive Officer with effect from 7 January 2016)
Ms. Ngai Lai Ha *(Vice-chairman)*
Mr. Cheng Sing Yuk *(Chief financial officer)*

Non-executive Director:
Mr. Yeung Yiu Keung

Independent Non-executive Directors:
Dr. LO Wing Yan William, J.P.
(Retired on 25 September 2015)
Mr. HUANG Lester Garson, J.P.
(Retired on 25 September 2015)
Mr. MANG Wing Ming Rene
Mr. LAU Wai Pun Raymond
(Appointed on 25 September 2015)
Mr. YEE Boon Yip
(Appointed on 25 September 2015)

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

COMPANY SECRETARY

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

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Tel: (852) 3512-3100

LEGAL ADVISER

Woo, Kwan, Lee & Lo

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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