International Housewares Retail Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1373

Annual Report 2017

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 366 stores in Hong Kong, Singapore, Macau, Cambodia, East Malaysia, Saudi Arabia and Australia under renowned brands including Japan Home Centre (日本城), City Life (生活提案), Epo Gifts & Stationery (文具世代), 123 by ELLA, and Japan Home (日本の家). Supported by extensive sourcing channels and high-margin private label products, the Group provides to customers a full range of houseware items at competitive prices, giving them "one-stop" shopping convenience.

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

To provide value, good quality,variety products and convenient shopping environment to customers.

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

Contents

Highlights

The board of directors (the "**Board**" or "**Directors**") of International Housewares Retail Company Limited (the "**Company**" or "**we**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 30 April 2017 (the "**Year**") prepared in accordance with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**" and the "**Stock Exchange**" respectively), together with the comparative figures for the financial year ended 30 April 2016 ("**2015/16**").

- The Group's revenue increased by 3.5% to HK$2,111,001,000 (2015/16[1]: HK$2,039,575,000).
- The Group achieved satisfactory comparable store sales growth[2] in Hong Kong of 3.0% (2015/16: 5.3%).
- The Group maintained a strong financial position with cash and cash equivalents of HK$403,753,000 (30 April 2016: HK$406,080,000).
- The Group's gross profit rose by 4.4% to HK$989,153,000 (2015/16: HK$947,577,000) and gross profit margin was up to 46.9% (2015/16: 46.5%).
- Profit attributable to owners of the Company increased 31.6% to HK$87,492,000 (2015/16: HK$66,492,000).
- The Board has resolved to recommend the payment of a final dividend of HK5.6 cents per share. Combined with the interim dividend of HK5.0 cents per share, the total annual dividend would be HK10.6 cents per share.

Notes:

1. Comparative figures for the financial year ended 30 April 2016 are shown as 2015/16 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.

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:

	2017 **HK$'000**	2016 HK$'000	2015 HK$'000	2014 HK$'000	2013 HK$'000
Financial performance					
Revenue	**2,111,001**	2,039,575	1,951,279	1,746,838	1,498,673
Operating profit	**96,638**	73,494	95,575	164,418	129,106
Profit before income tax	**97,246**	74,798	100,068	167,597	128,108
Profit for the year	**76,496**	54,156	79,239	143,099	103,169
Financial position					
Cash and cash equivalents	**403,753**	406,080	447,376	466,432	111,513
Total assets	**966,670**	970,090	1,034,584	999,690	567,077
Total liabilities	**(265,782)**	(275,321)	(302,337)	(281,010)	(284,083)
Net assets	**700,888**	694,769	732,247	718,680	282,994
Key ratios					
Gross profit margin	**46.9%**	46.5%	46.3%	46.5%	46.1%
Revenue growth	**3.5%**	4.5%	11.7%	16.6%	23.7%
Comparable store sales growth[2] in Hong Kong	**3.0%**	5.3%	8.2%	10.0%	12.1%

Awards and Recognition

Company had endorsed awards in the fields of enterprise achievement, services excellence and caring for society, which demonstrate our good reputations in the industry and our contributions to the society.

Outstanding QTS Merchant - Bronze Award	2017
Most Favourable Brand by Chinese Customers - Golden Brand	2017 2008
Hong Kong Top Service Brand Award	2007 - 2017
WWF (HK) - Silver Member	2006 - 2017
Q-Mark	2006 - 2017
No Fakes Pledge	2006 - 2017
Caring Company 10 Years+	2004 - 2017
Quality Tourism Services Assoication Member	2004 - 2017
Quality Tourism Services	2004 - 2017
Octopus Usage Growth Award - Other Retail Octopus Usage Award for New Retail Merchant	2015 2014
Hong Kong Jun-zi Corporation Award (Retail) — Corporate Award Golden Award Bronze Award	2015 2013 2012
HKIM Market Leadership Award - 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
Certificate Award for the Best Brand Enterprise	2007
Superbrands	2004
Integrity Award	2003 - 2004

Corporate Social Responsibility

Donation boxes of various non – profit organizations including Hong Kong Seeing Eye Dog Services, Christian Action, Orbis and Heifer International (Hong Kong) are placed at specific retail stores.

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

The Group has been granted the “Caring Company honor” for consecutive 10 Years by The Hong Kong Council of Social Service.

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

The Group has joined "Fluorescent Lamp Recycling Programme" which is organized by Environmental Protection Department, collection boxes are placed at specific retail stores.

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

2000

Acquisition of the business of the major competitor, the Nippon Warehouse Limited

2002

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

Establishment of new stores under the new brand "City Life" (生活提案) (formerly known as "City Lifestyle") in Hong Kong. And, own private label products was launched

2005

Own private label products had been exported to more than 9 overseas jurisdictions through our export sales and overseas operating arrangements with local entities in certain overseas jurisdictions

1993

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

2001

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

2004

Endorsed "Quality Tourism Services", "Superbrands" and "Caring Company" awards

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

2006

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

Awarded "No Fakes Pledge"

2007

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

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

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

2009

Exceeded 200 stores including "Japan Home Centre", "City Life" and "Epo Gifts & Stationery" in Hong Kong

Endorsed The 5 Consecutive Years "Caring Company" award

2010

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

2011

Sales exceed 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 Hong Kong Stock Exchange

2015

JHC eshop was launched

Successfully acquired and integrated the brand "ELLA"

2016

JHC Concept stores were opened

"123 by ELLA", the new retail brand was launched

Mr. Andrew CHONG Siu-hong was appointed Chief Executive Officer of the Group

2017

Exceed 500,000 members of J Fun

Awarded "Most Favourable Brand by Chinese Customers - Golden Brand"

Ms. Lisa NGAI Lai-ha was appointed Chairman of the Group

Chairman's Statement

Dear Shareholders,

Building on our over 25 years' experience in housewares retailing, our solid relationship with suppliers, plus our global merchandising capability and professional team, we are one of the largest housewares retail chains in Hong Kong, Macau and Singapore today. "Success is story of yesterday, persistence prepares us for the future" has always been our motto. Innovative technologies are surfacing ever so quickly and our markets are changing all the time, compounded challenges presented by the economy. Heeding all that, as a market leader, we have to consistently stay alert, keep our mind open, and, persevere and exert our best so that we can seize and turn opportunities into rewarding results and maximise overall returns to the Group and shareholders.

Strengthening Corporate Image

Despite the weak retail market environment, necessary demand for housewares and quality products has remained stable. Thus, we have worked hard at broadening our focus onto "necessary demand plus innovative living". We believe that our new "JHC ideas. Living" company logo can better reflect on the Group's upgraded business, in order to give the Group a clearer defined positioning and also strengthen its corporate image, all to the benefit of future business development. We are happy to announce that, adopting the concept of "fast-retailing" of trendy and lifestyle items at a range of fixed prices, we have completed the rebranding of "ELLA" transforming it into "123 by ELLA". We have now 27 "123 by ELLA" stores in Hong Kong and the continuous expansion of "123 by ELLA" will turn it into one of the Group's sales growth drivers in the years to come. In addition, starting from the very basic level, we ensure that every little service detail is attended to as we work to create unique shopping experiences and a pleasant shopping environment for our customers.

Standardising Operation

Adopting a standardised and intensive operation mode, we are able to run our well-laid out retail business cost-effectively and with consistency. We have standardised our operations replicating proven retail practices to help improve operational efficiency and overall customer satisfaction, while remaining flexible in accommodating the different demands of our customers. At our headquarters, for certain standardised operations, we implement intensive management that covers planning, directing, supervising and evaluation of processes and operational quality. We believe the standardisation and intensive operation strategy we implement can help mitigate the impact of rising costs on our retail operations and improve our overall profit margin. These relevant measures have enabled us to respond well to customers' needs and in turn boosted customer recognition of the brand, giving us an important competitive advantage over other industry players.

Perfecting Talent Pipeline

The Group has placed strong emphasis on employees' development. We will keep perfecting our talent pipeline in order to provide the personnel the Group requires to achieve its sustainable development. We will build a comprehensive career development platform for employees and align personal career development with the company development. This long-held approach of tying grooming of talent with business needs has permitted us to effectively boost the capabilities of our employees and help them grow quickly. Based on findings of reviews of internal and external conditions and human resources status, we are able to gradually build multi-type staff development and training system. We see the importance of combining theory and practice in training and, via the offer of "mentorship", training is threaded through employees' daily work.

Enhancing Product Offer

Furthermore, the Group has strived to step up efforts in promoting its private label products and enhance their brand reputation, by boosting the product portfolio, types and packaging which in turn can help raise its profit margin. As an example, through different channels, we have recently rolled out under our private label "EZ Cook Professional" a few series of high quality cookware including a range of Korean made ceramic-coated cookware in the colour of oasis, which has attracted a high level of awareness. "Pole Bear" is another private label of ours specifically for thermos products, which quality and sales in our stores are comparable to those of international brands. For supply chain management, a mechanism for managing good selling product items being in short supply has been established to assure inventory adequacy, reduce out-of-stock rate and enhance the benefits from coordinated production and sales. At the same time, we also effectively monitor and control replenishment of stock that we may achieve the goal of reducing inventory turnover days.

Integrating Omni-Channel

We endeavour to sell our products on an interactive, comprehensive and integrated omni-channel backed platform, meaning we will continue to exploit our complete retail presence in Hong Kong and online sales networks, including JHCeshop (日本城網購) (e-commerce platform), Easy Buy (易購點) (in-store purchase i-Panel), as well as our J Fun APPs and Facebook interactive service platforms, for marketing and sales purposes. We will continue to build an omni-channel based operating platform in the future.

Looking ahead, in order to maximise return on capital, we will continue to manage expenses in a prudent manner. We strongly believe that, with the good brand reputation we have built over the years, an extensive retail network and a steady growth track record, plus a large global supplier network, we will see our business continue to develop healthily. With a strong cash flow, we are ready to pursue potential investment opportunities that promise to bring higher returns, thus generating greater returns for shareholders.

APPRECIATION

Twenty-five years had gone by in a blink of an eye. Last but not least, I would like to express my sincere gratitude to all shareholders, the board of directors, our customers, staff and business partners for their continuous support. I would also like to take this opportunity to give my heartfelt appreciation to our now Honorary Chairman Mr. Lau Pak Fai Peter, who resigned as Chairman during the year, for his leadership and contribution to the Group in past years.

NGAI Lai Ha
Chairman and Executive Director

Hong Kong, 28 July 2017

Management Discussion and Analysis

CORPORATE PROFILE

Established in 1991, 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 366 stores in Hong Kong, Singapore, Macau, Cambodia, East Malaysia, Saudi Arabia and Australia under renowned brands including Japan Home Centre (日本城), City Life (生活提案), Epo Gifts & Stationery (文具世代), 123 by ELLA, and Japan Home (日本の家). Supported by extensive sourcing channels and high-margin private label products, the Group provides to customers a full range of houseware items at competitive prices, giving them "one-stop" shopping convenience.

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

FINANCIAL PERFORMANCE

The Group continued to increase the variety of product offerings to help it capture additional market opportunities and expand customer base. In addition, driven by opening new stores and growth in overall comparable store sales, as well as the increase in average spending per transaction for the Year, the Group's revenue rose by 3.5% to an historical high of HK$2,111,001,000 (2015/16: HK$2,039,575,000).

The discount driven marketplace had made more promotions and markdowns necessary and that presented considerable pressure on our gross profit margin. Fortunately, at the Group's continued effort to streamline logistics arrangement with suppliers and bargain for more favourable prices to reduce procurement cost, much of that pressure was alleviated. As a result, the Group managed to improve its gross profit margin. During the Year, the Group's gross profit rose by 4.4% to HK$989,153,000 (2015/16: HK$947,577,000) and gross profit margin was up to 46.9% (2015/16: 46.5%).

Boating brand recognition among consumers and popular product offerings, the Group was able to make record-high sales with operating expenses maintained at a stable level as a percentage of revenue during the Year. Coupled with prudence in managing expenses, the Group's operating expenses as a percentage of revenue reduced during the Year, standing at 42.9% (2015/16: 43.3%).

Profit attributable to owners of the Company increased 31.6% to HK$87,492,000 (2015/16: HK$66,492,000), owed mainly to the Group continuing to broaden its product portfolio, while constantly monitoring purchase prices and logistics costs of its sourcing activities, as well as prudently managing operating expenses. Furthermore, the Group closed down the business operations in West Malaysia and Mainland China to minimize negative effects on its retail business as a whole.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2017, the Group had cash and cash equivalents amounting to HK$403,753,000 (30 April 2016: HK$406,080,000). 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 is not to engage in any highly leveraged or speculative derivative products and it continues to place a large part of surplus cash in Hong Kong dollars bank deposit with appropriate maturity period to meet funding requirements in the future. The current ratio for the Group was 2.8 (30 April 2016: 2.8). Total borrowings amounted to HK$22,426,000 as at 30 April 2017 (30 April 2016: HK$44,373,000). The Group was in a net cash position as at 30 April 2017 and its gearing ratio as determined by total borrowings divided by total equity was 3.2% (30 April 2016: 6.4%).

OTHERS

As at 30 April 2017, no significant asset of the Group was under charge to any financial institution. Details of the Group's contingent liabilities and capital commitments are set out in notes 28 and 29(c) to the consolidated financial statements respectively.

Management Discussion and Analysis *(Continued)*

OPERATING EFFICIENCIES

Although the operating environment was ridden with challenges, the Group achieved satisfactory comparable store sales growth[1] in Hong Kong of 3.0% (2015/16: 5.3%) during the Year.

In the past few years, the overall rental expenses on shops in shopping malls continued to increase. Despite the adverse factor, enabled by the brand recognition the Group enjoys, its popular product offerings and decision to open new stores at less prime retail venues, the Group has been able to control rental expenses as it expands. We are also able to rent retail spaces of varying sizes, which gives us more flexibility in choosing retail spaces and controlling overall rental expenses. In addition, with salaries on general rise in recent years, we expect our employee expenses to increase alongside inflation. To mitigate the effects of increasing employee expenses, we have employee training programmes in place to maximise productivity and employees are redeployed to different stores from time to time to boost productivity further. As a result, the Group has been able to maintain employee expenses at a stable level as a percentage of revenue.

In spite of these adversities, enjoying brand recognition and boasting popular product offerings, the Group made record high sales with operating expenses maintained at a stable level as a percentage of revenue during the Year. Coupled with prudence in managing expenses, including closely monitoring store man-hour expenses and use of energy efficient lighting installations at retail stores which arise as a result of reduction in related operating expenses as a percentage of revenue against the last year, the Group's operating expenses reduced during the Year, standing at 42.9% (2015/16: 43.3%) as a percentage of revenue.

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

For the Year Ended 30 April	2017		2016		
	HK$	(%) of revenue	HK$	(%) of revenue	Change (%)
Distribution and advertising expenses	53,252,000	2.5%	56,981,000	2.8%	(6.5%)
Administrative and other operating expenses	851,628,000	40.4%	826,453,000	40.5%	3.0%
Total operating expenses	904,880,000	42.9%	883,434,000	43.3%	2.4%

Note:

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

DISTRIBUTION NETWORK

The Group offers quality houseware products through an extensive retail network comprising 366 stores in Hong Kong, Singapore, Macau, Cambodia, East Malaysia, Saudi Arabia and Australia under renowned brands including Japan Home Centre (日本城), City Life (生活提案), Epo Gifts & Stationery (文具世代), 123 by ELLA, and Japan Home (日本の家). Supported by extensive sourcing channels and high-margin private label products, the Group provides to customers a full range of houseware items at competitive prices, giving them "one-stop" shopping convenience.

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

	As at 30 April 2017	As at 30 April 2016	Net increase/ (decrease)
The Group's directly managed stores			
Hong Kong	290	277	13
Singapore	57	62	(5)
Macau	8	8	–
Sub-total	355	347	8
The Group's licensed stores			
East Malaysia	1	1	–
Saudi Arabia	5	5	–
New Zealand	–	1	(1)
Indonesia	–	1	(1)
Cambodia	3	3	–
Australia	2	–	2
Sub-total	11	11	–
Total	366	358	8

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 award of annual discretionary bonus for all staff as well as share options and share awards for supervisory and managerial staff. As at 30 April 2017, the Group had approximately 2,225 employees (30 April 2016: 2,236). Total employee benefit expense for the Year was HK$311,610,000 (2015/16: HK$303,839,000).

OPERATIONAL REVIEW BY BUSINESS SEGMENT

The Group's business segments by nature include retail, wholesale and licensing and others. Retail revenue for the Year climbed to a record-high and continued to be the primary sales driver of the Group with a 3.5% growth. This was mainly due to the opening of new stores and growth in comparable store sales. Revenue was also driven by growth in average spending per transaction. In addition, we continued to increase the variety of our merchandise to capture additional market opportunities and expand customer base. These combined efforts resulted in HK$2,086,386,000 (2015/16: HK$2,015,960,000) of retail revenue which included consignment sales commission income, accounting for 98.8% (2015/16: 98.8%) of total revenue.

The revenue from wholesale business, licensing income and others as a whole increased by 4.2% against the previous year to HK$24,615,000 (2015/16: HK$23,615,000).

OPERATIONAL REVIEW BY GEOGRAPHICAL LOCATIONS

Operations Review – Hong Kong

Hong Kong remained the key market of the Group, accounting for 87.4% (2015/16: 86.1%) of its total revenue. Revenue from Hong Kong for the Year was a record high totalling at HK$1,844,576,000 (2015/16: HK$1,755,007,000), a 5.1% increase, while comparable store sales[(1)] managed a relatively healthy growth of 3.0% (2015/16: 5.3%).

Operations Review – Singapore

At the effort of our devoted staff in Singapore, the operation achieved a positive 6.8% revenue growth in the second half of the Year from a drop of 8.9% in the first half of the Year, compared with the same period last year. However, as the decrease in revenue during the first half of the Year was rather marked, even with a satisfactory increase in the second half of the Year, overall revenue for the Year still declined slightly by 1.3% to, expressed in Hong Kong dollars, HK$228,073,000 (2015/16: HK$231,115,000).

The Group intends to continue to focus on exercising prudent cost control. During the Year, the narrowing of operating expenses was achieved by streamlining organisational structure, closing unprofitable retail stores, and negotiating for lower rental for a number of stores. Singapore remains a strategic market of the Group and is expected to achieve moderate growth as the Group is optimistic in achieving profitability in the medium- to long-term.

Operations Review – Macau

During the Year, the Group's Macau revenue fell by 2.5% to HK$38,352,000 (2015/16: HK$39,341,000), while comparable store sales growth[(1)] was negative at 2.5% (2015/16: 1.3%). The net profit in Macau increased by 15% from previous year, with the Group's efforts to narrow down operating expenses during the Year.

Note:

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

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 2017.

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" of the annual report. Description of financial risk factors 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 the "Five-Year Financial Summary" of the annual report. Discussions on the environmental policies and performance, disclosure of regulatory compliance by the Group with the relevant laws and regulations that have a significant impact on the Group and the account of the key relationships of the Group with its stakeholders are contained in the "Environmental, Social and Governance Report" 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 HK5.0 cents per ordinary share (2015/16: interim dividend of HK5.0 cents), representing a total payout of approximately HK$35,834,000 was paid by the Company on 27 January 2017. The Board has resolved to recommend the payment of a final dividend of HK5.6 cents per ordinary share to shareholders whose names appear on the register of members of the Company on Wednesday, 4 October 2017 which will be paid on or around Friday, 20 October 2017, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on Monday, 25 September 2017. Taking into account of the interim dividend payment, the total dividend for the Year would amount to HK10.6 cents per share, totaling approximately HK$75,964,000 for the Year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company for the forthcoming annual general meeting of the Company to be held on Monday, 25 September 2017 will be closed from Monday, 18 September 2017 to Monday, 25 September 2017, 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 forthcoming annual general meeting of the Company, 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 Friday, 15 September 2017.

Subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on Monday, 25 September 2017, 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 Wednesday, 4 October 2017 and the register of members of the Company will be closed from Friday, 29 September 2017 to Wednesday, 4 October 2017, (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 Thursday, 28 September 2017.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and assets and liabilities of the Group for the five years ended 30 April 2013, 2014, 2015, 2016 and 2017 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 *(Honorary Chairman)*	
Ms. Ngai Lai Ha *(Chairman)*	(Appointed as Chairman on 1 March 2017)
Mr. Cheng Sing Yuk *(Chief financial officer)*	
Mr. Chong Siu Hong *(Chief executive officer)*	(Appointed as a Director on 1 March 2017)

Non-executive Director:

Mr. Yeung Yiu Keung	(Resigned on 26 September 2016)

Independent Non-executive Directors:

Mr. Mang Wing Ming Rene	
Mr. Lau Wai Pun Raymond	(Retired on 26 September 2016)
Mr. Yee Boon Yip	
Mr. Neo Sei Lin Christopher	(Appointed on 26 September 2016)

Pursuant to article 84(1) & (2) of the articles of association of the Company, Mr. Cheng Sing Yuk and Mr. Mang Wing Ming Rene 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 of the Company, Mr. Chong Siu Hong and Mr. Neo Sei Lin Christopher who were appointed by the Board as Directors, shall retire from office at the forthcoming annual general meeting and shall be eligible for re-election.

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 34(a) to the consolidated financial statements.

Report of the Directors *(Continued)*

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. LAU Pak Fai Peter, aged 59

Mr. Lau was has been executive Director and Chairman of the Company since 18 April 2013, the date of incorporation of the Company until resigned as Chairman of the Board on 1 March 2017. On the same day, Mr. Lau was appointed as Honorary Chairman and re-designated as a member (previously Chairman) of the nomination committee. Mr. Lau 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 on 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 45

Ms. Ngai was appointed as Chairman of the Board (previously vice-chairman) and Chairman of the nomination committee of the Company on 1 March 2017. Ms. Ngai was appointed as an executive Director on 18 April 2013, the date of incorporation of the Company. She is also 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 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 currently a member of the Nanjing Committee of the Chinese People's Political Consultative Conference, a council member of the Jiangsu Chinese Overseas Friendship Association, an executive vice president of The Professional Validation Centre of Hong Kong Business Sector, the district vice president of the Yau Tsim District, Scout Association of Hong Kong, vice chairman of the Board of Grateful Heart Charitable Foundation, vice chairman of the committee of Food for Good – "Community Kitchen", the honorary president of International Beauty Professionals Validation Association and the honorary consultant of Hong Kong Society of Medical Professionals. Ms. Ngai graduated from the Open University of Hong Kong with a Bachelor of Business Administration degree in December 2002. Ms. Ngai is also the Honorary Fellow of The Professional Validation Centre of Hong Kong Business Sector in 2015.

Mr. CHENG Sing Yuk, aged 58

Mr. Cheng was appointed as an executive Director 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.

Mr. CHONG Siu Hong, aged 47

Mr. Chong was appointed as an executive Director with effect from 1 March 2017. He is currently the chief executive officer of the Company since 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.

Independent non-executive Directors

Mr. MANG Wing Ming Rene, aged 65

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

Report of the Directors *(Continued)*

Mr. YEE Boon Yip, aged 39

Mr. Yee was appointed as an independent non-executive Director and a member of the audit committee and 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.

Mr. NEO Sei Lin Christopher, aged 47,

Mr. Neo was appointed as an independent non-executive Director and a member of the audit committee, nomination committee and remuneration committee of the Company with effect from 26 September 2016. He has over two decades of experience managing business units in the consumer goods and beauty industries. He serves as independent non-executive director of AL Group Limited (shares of which are listed on The Stock Exchange of Hong Kong Limited; stock code: 8360) since 15 June 2016, until his resignation on 12 January 2017.

Mr. Neo started his career in 1994 in brand management with Procter & Gamble. In 1995, Mr. Neo joined the L'Oréal Group in Singapore. In 2002, Mr. Neo was relocated to Hong Kong as general manager for the L'Oréal's Consumer Products division, where he defined a compelling image for the L'Oréal consumer brands within the competitive city landscape. In 2008, Mr. Neo was relocated to Malaysia, initially as general manager for the L'Oréal Consumer Products division and subsequently served as general manager for the L'Oréal Consumer Products division for both Malaysia and Singapore. In 2009, Mr. Neo was made country manager and managing director for L'Oréal Singapore and was overall responsible for the L'Oréal Group's business in Singapore. As the country manager, besides running the profit and loss and overseeing business strategies, he was also responsible for the development of corporate reputation, innovation, new distribution, business communications, and talent development. In addition, Mr. Neo also helped set up and supported L'Oréal's regional organisations based in Singapore. In 2016, Mr. Neo was appointed as executive director of South China Media Management Limited, responsible for overall management of the South China Media Group women's titles, leading organisational change and revamping the group's overall business. In 2017, Mr. Neo was appointed as CEO of VUS (Vietnam USA Society English Centers - a joint-partnership entity between private equity firm and Vietnamese founder). Based in Vietnam, his role was to implement business strategy which includes expansion, branding and new product development as well as overhaul the information technology organisation.

Mr. Neo received a Bachelor of Business Administration degree from the National University of Singapore in July 1994. He was a former President of the Association of Perfume and Cosmetics Distributors (APCD) in Singapore.

Senior Management

Mr. YUEN Ka Ho, aged 50
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.

Mr. WONG Kin Man, aged 44
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 a Fellow of The Professional Validation Centre of Hong Kong Business Sector in 2015.

Ms. TAM Siu Wan, aged 55
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 a Fellow of The Professional Validation Centre of Hong Kong Business Sector in 2015.

Mr. CHEUNG Wai Hung, aged 46
Category general manager

Mr. Cheung is the category general 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 a Fellow of The Professional Validation Centre of Hong Kong Business Sector in 2015.

Ms. MAN Siu Ling, aged 60
Head of sourcing

Ms. Man is the head of sourcing 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.

Ms. YIP Yee Fan Sandra, aged 43
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 2017, 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 (the "**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 2017*
Mr. LAU Pak Fai Peter	Interest in a controlled corporation	324,000,000 *(Note 2)*			335,383,000	46.66%
	Personal interest	10,358,000	1,025,000 *(Note 3)*			
Ms. NGAI Lai Ha	Interest in a controlled corporation	324,000,000 *(Note 4)*			332,100,000	46.21%
	Personal interest	7,075,000	1,025,000 *(Note 3)*			
Mr. CHENG Sing Yuk	Personal interest	56,000	1,761,500 *(Note 5)*	177,000 *(Note 6)*	1,994,500	0.28%
Mr. CHONG Siu Hong	Personal interest	175,000		695,000 *(Note 6)*	870,000	0.12%
Mr. MANG Wing Ming Rene	Personal interest	128,000	100,000 *(Note 3)*	28,000 *(Note 6)*	256,000	0.04%

* The percentage was calculated based on 718,729,700 shares in issue as at 30 April 2017

Notes:

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

2. Mr. LAU Pak Fai Peter is deemed to be interested 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 be interested 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 2017, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 April 2017, 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 2017*
Hiluleka Limited	Beneficial owner	324,000,000 *(Note 2)*	45.08%
FIL Limited	Interest of corporation controlled by the substantial shareholder	110,387,000 *(Note 3)*	15.36%
FMR LLC	Interest of corporation controlled by the substantial shareholder	71,876,957 *(Note 3)*	10.00%
483A Bay Street Holdings LP	Interest of corporation controlled by the substantial shareholder	38,562,000 *(Note 3)*	5.37%
483A Bay Street Holdings Management LLC	Interest of corporation controlled by the substantial shareholder	38,562,000	5.37%
Fidelity Funds	Beneficial owner	42,501,000	5.91%
Grandeur Peak Global Advisors, LLC	Investment manager	43,711,000	6.08%

* The percentage was calculated based on 718,729,700 shares in issue as at 30 April 2017.

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 71,876,957 shares of the Company held by Fidelity (Canada) Asset Management ULC in 34,355,000 shares, Fidelity Management & Research (Hong Kong) Limited in 31,972,000 shares and FMR CO., INC in 5,545,000 shares respectively. Fidelity Management & Research (Hong Kong) Limited and FMR CO., INC are wholly-owned subsidiaries of FMR LLC. Fidelity (Canada) Asset Management ULC is wholly-owned subsidiary of 483 Bay Street Holdings LP, which is owned by Fidelity Canada Investors LLC (82%), Fidelity Canada Investors LLC is owned by certain employees and shareholders of FMR LLC.. According to the disclosure of interests form submitted by 483A Bay Street Holdings LP, it is owned by Fidelity Canada Investors LLC (64%) and FIL Limited (36%). It has indirect interest in 38,562,000 shares.

Save as disclosed above, as at 30 April 2017, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would 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, unless the Company obtains a fresh approval from its shareholders. The options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating such 10% limit. At the date of this report, the total number of shares available for issue under the Share Option Scheme is 71,524,000 shares, representing approximately 10% 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 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 2017, options to subscribe for an aggregate of 6,679,000 shares of the Company granted to Directors and certain employees pursuant to the Share Option Scheme remained outstanding, details of which were as follows:

				Number of shares options (*Note5)*			
Name and Category of participants	Date of grant	Exercise prices of share options HK$ per share	Exercise periods of share options	At 1 May 2016	Exercised during the Year (*Note 4(vii))*	Forfeited during the Year	At 30 April 2017
Directors							
Mr. LAU Pak Fai Peter	28/02/2014	3.86	31/10/2014 to 27/02/2022 *(Notes 2)*	325,000	–	–	325,000
(Note 1)	12/11/2014	1.93	31/10/2015 to 11/11/2022 *(Notes 3(i), (v) &(vi))*	350,000	–	–	350,000
	21/01/2016	1.08	31/10/2016 to 20/01/2024 *(Notes 4(i), (v) &(vi))*	350,000	–	–	350,000
Ms. NGAI Lai Ha	28/02/2014	3.86	31/10/2014 to 27/02/2022 *(Notes 2)*	325,000	–	–	325,000
(Note 1)	12/11/2014	1.93	31/10/2015 to 11/11/2022 *(Notes 3(i), (v) &(vi))*	350,000	–	–	350,000
	21/01/2016	1.08	31/10/2016 to 20/01/2024 *(Notes 4(i), (v) &(vi))*	350,000	–	–	350,000
Mr. CHENG Sing Yuk	28/02/2014	3.86	31/10/2014 to 27/02/2022 *(Notes 2)*	187,500	–	–	187,500
	12/11/2014	1.93	31/10/2015 to 11/11/2022 *(Notes 3(ii), (v) &(vi))*	220,000	–	–	220,000
	21/01/2016	1.08	31/10/2016 to 20/01/2024 *(Notes 4(ii), (v) &(vi))*	220,000	–	–	220,000
Mr. MANG Wing Ming Rene	12/11/2014	1.93	31/10/2015 to 11/11/2022 *(Notes 3(iii), (v) &(vi))*	100,000	–	–	100,000
	21/01/2016	1.08	31/10/2016 to 20/01/2024 *(Notes 4(iii), (v) &(vi))*	100,000	(100,000)	–	–
Sub-total				2,877,500	(100,000)	–	2,777,500
Employees –							
In aggregate	28/02/2014	3.86	31/10/2014 to 27/02/2022 *(Notes 2)*	937,500	–	–	937,500
	12/11/2014	1.93	31/10/2015 to 11/11/2022 *(Notes 3(iv) &(vi))*	1,640,000	–	(120,000)	1,520,000
	21/01/2016	1.08	31/10/2016 to 20/01/2024 *(Notes 4(iv) &(vi))*	1,940,000	(376,000)	(120,000)	1,444,000
Sub-total				4,517,500	(376,000)	(240,000)	3,901,500
Total				7,395,000	(476,000)	(240,000)	6,679,000

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;

    (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; and

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

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

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

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

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

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

   (v) Out of the 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 closing price of the shares of the Company immediately before the date on which the options were exercised was HK$1.61 per share.

5. No option granted under the Share Option Scheme during the Year.

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 2017, options to subscribe for an aggregate of 3,166,020 shares of the Company granted to a Director and certain employees pursuant to the Pre-IPO Share Option Scheme remained outstanding, details of which have been set out in the section headed "appendix IV statutory and general information" in the Company's prospectus dated 12 September 2013.

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

Name and Category of participants	Exercise prices of share options HK$ per share	Exercise periods of share options	Number of Shares options *(Note 1)* At 1 May 2016	Exercised during the Year	Forfeited during the Year	At 30 April 2017
Director						
Mr. CHENG Sing Yuk	1.04	25/09/2013 – 11/10/2018	178,200	–	–	178,200
		12/10/2013 – 11/10/2018	91,800	–	–	91,800
	1.39	25/09/2013 – 11/10/2019	142,560	–	–	142,560
		12/10/2013 – 11/10/2019	142,560	–	–	142,560
		12/10/2014 – 11/10/2019	146,880	–	–	146,880
	1.86	16/10/2013 – 15/10/2020	142,560	–	–	142,560
		16/10/2014 – 15/10/2020	142,560	–	–	142,560
		16/10/2015 – 15/10/2020	146,880	–	–	146,880
Sub-total			1,134,000	–	–	1,134,000
Employees						
In aggregate	1.04	25/09/2013 – 11/10/2018	178,200	–	–	178,200
		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) 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 2017, the trustee of the Share Award Scheme, pursuant to the rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 2,810,000 shares of the Company at a total consideration of about HK$4.2million. The following table discloses movements of the awarded shares of the Company held by the Company's Directors or employees during the Year:

			Number of awarded shares				
Name and Category of participants	Date of grant	Vesting period	Unvested as at 1 May 2016	Granted during the Year	Forfeited during the Year	Vested during the Year	Unvested as at 30 April 2017
Directors							
Mr. CHENG Sing Yuk	30/10/2015	08/10/2016 to 08/10/2017	112,000	–	–	(56,000)	56,000
	06/10/2016	05/10/2017 to 05/10/2018	–	121,000	–	–	121,000
			112,000	121,000	–	(56,000)	177,000
Mr. MANG Wing Ming Rene	30/10/2015	08/10/2016 to 08/10/2017	56,000	–	–	(28,000)	28,000
Mr. Chong Siu Hong	08/08/2016	01/01/2017 to 01/01/2019	–	870,000	–	(175,000)	695,000
Mr. NEO Sei Lin Christopher	01/02/2017	03/02/2017 to 03/02/2017	–	59,000	–	(59,000)	–
Employees –							
In aggregate	09/10/2015	08/10/2016 to 08/10/2017	786,000	–	(64,000)	(361,000)	361,000
	06/10/2016	05/10/2017 to 05/10/2018	–	607,000	–	–	607,000
			786,000	607,000	(64,000)	(361,000)	968,000
Total			954,000	1,657,000	(64,000)	(679,000)	1,868,000

* The percentage was calculated based on 718,729,700 shares in issue as at 30 April 2017.

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 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 2017 under the Listing Rules. Save as disclosed below, the related party transactions were set out in note 32 to the consolidated financial statements. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of these connected transactions. Details of these transactions were as follows:

1. **First Batch Tenancy Framework Agreement**

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

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

For the year ended 30 April 2017, a total of approximately HK$20,864,000 was received/receivable pursuant to the First Batch Tenancy Framework Agreement.

Annual caps

As disclosed in the announcement of the Company dated 8 April 2016, 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 ending 30 April 2017, 2018 and 2019. It was anticipated that the aggregate annual value of rental payments made to Ms. Ngai Group by the Group for the years ended/ending 30 April 2017, 2018 and 2019 are 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 2017, a total of approximately HK$8,382,000 was received/receivable pursuant to the Second Batch Tenancy Framework Agreement.

Annual caps

As disclosed in the announcement of the Company dated 8 April 2016, 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 ending 30 April 2017, 2018 and 2019. It was anticipated that the aggregate annual value of rental payments made to LN Group by the Group for the years ended/ending 30 April 2017, 2018 and 2019 are approximately HK$10,212,381, HK$10,703,547 and HK$11,291,067 respectively.

The annual caps stated above have been estimated with reference to the historical figures, potential increase in rentals at the time of renewing existing leases, and the estimated rentals of new leases in future. 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

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 150,000 shares of the Company at a total consideration of about HK$240,000. 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 2017.

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 respectively. Save as disclosed above, no equity-linked agreements were entered into during the Year or subsisted at the end of the year.

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 are no provisions for pre-emptive rights under the articles of association of the Company or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

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
NGAI Lai Ha
Chairman and Executive Director

Hong Kong, 28 July 2017

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 during the year ended 30 April 2017.

In view of the amendment of CG Code relating to risk management and internal control aspects, the Company has conducted in-depth review and extensive engagement with the directors and senior management.

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 2017.

BOARD OF DIRECTORS

Board Composition

Our Board of Directors currently consists of seven Directors, comprising four executive Directors and three independent non-executive Directors. More than one-third of the Board is represented by independent non-executive Directors with one of whom being a certified public accountant. 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 *(Honorary Chairman)*	
Ms. Ngai Lai Ha *(Chairman)*	(Appointed as Chairman on 1 March 2017)
Mr. Cheng Sing Yuk *(Chief financial officer)*	
Mr. Chong Siu Hong *(Chief executive officer)*	(Appointed as a Director on 1 March 2017)
Non-executive Director:	
Mr. Yeung Yiu Keung	(Resigned on 26 September 2016)
Independent Non-executive Directors:	
Mr. Mang Wing Ming Rene	
Mr. Lau Wai Pun Raymond	(Retired on 26 September 2016)
Mr. Yee Boon Yip	
Mr. Neo Sei Lin Christopher	(Appointed on 26 September 2016)

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 2017. 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 *(Honorary Chairman)*	1	6	6
Ms. Ngai Lai Ha *(Chairman)*	1	6	6
Mr. Cheng Sing Yuk		6	6
Mr. Chong Siu Hong	2	0	0
Mr. Yeung Yiu Keung	3	1	2
Mr. Mang Wing Ming Rene		6	6
Mr. Lau Wai Pun Raymond	4	2	2
Mr. Yee Boon Yip		6	6
Mr. Neo Sei Lin Christopher	5	3	3

Notes:

1. Ms. Ngai Lai Ha was appointed as Chairman of the Board with effect from 1 March 2017, in place of Mr. Lau Pak Fai Peter.
2. Appointed as a Director on 1 March 2017.
3. Resigned as a Director on 26 September 2016.
4. Retired as a Director on 26 September 2016.
5. Appointed as a Director on 26 September 2016.

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

The roles of Chairman and chief executive officer are separated. Currently, Ms. Ngai Lai Ha is the Chairman and Mr. Chong Siu Hong is the chief executive officer. The positions of Chairman and the chief executive officer are held by separate individuals in order to preserve independence and a balance of views and judgement. The responsibilities of the Chairman and the Chief Executive Officer are clearly defined. The Chairman is responsible for the overall direction of the Group. Supported by the other executive Directors and senior management, the chief executive officer is responsible for the overall management and strategic planning of the Group.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company, for a term of three years and all the independent non-executive Directors are appointed for a term of one year. The appointments are renewable from time to time. All newly appointed Directors shall hold office until the next annual general meetings and shall then be eligible for re-election. At each annual general meeting, at least one-third of the Directors for the time being, shall retire from office by rotation at least once every three years. The retiring Directors shall be eligible for re-election.

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 2017, the Audit Committee held two meetings. 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 also review the Group's risk management, internal controls and whistleblowing system. The Audit Committee has reviewed and was satisfied with the effectiveness of the risk management and internal control systems.

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	1	1	1
Mr. Lau Wai Pun Raymond	2	1	1
Mr. Yee Boon Yip		2	2
Mr. Neo Sei Lin Christopher	3	1	1

Notes:

1. Resigned as a member of the Committee on 26 September 2016.

2. Retired as a member of the Committee on 26 September 2016.

3. Appointed as a member of the Committee on 26 September 2016.

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 2017, the Remuneration Committee held four meetings. The work performed by the Remuneration Committee included but not limited to consideration of Directors' emoluments for the next year, with a 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 newly appointed 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)*		4	4
Ms. Ngai Lai Ha		4	4
Mr. Lau Wai Pun Raymond	1	2	2
Mr. Yee Boon Yip		4	4
Mr. Neo Sei Lin Christopher	2	1	1

Notes:

1. Retired as a member of the Committee on 26 September 2016.

2. Appointed as a member of the Committee on 26 September 2016.

Particulars of the Director's emoluments disclosed pursuant to Appendix 16 of the Listing Rules are set out in note 34(a) to the consolidated financial statement. The remuneration of the members of the senior management by band is set out below:

	Number of individuals 2017
Emolument bands	
HK$ Nil to HK$2,000,000	6
Total	6

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 2017, the Nomination Committee held three meetings. 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 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 or she was a member during the Year.

Members	*Notes*	Meetings attended	Meetings eligible to attend
Mr. Lau Pak Fai Peter *(previously Chairman)*	1	3	3
Ms. Ngai Lai Ha *(Chairman)*	1	0	0
Mr. Mang Wing Ming Rene		3	3
Mr. Lau Wai Pun Raymond	2	2	2
Mr. Yee Boon Yip		3	3
Mr. Neo Sei Lin Christopher	3	1	1

Notes:

1. Ms. Ngai Lai Ha was appointed as Chairman of the Committee with effect from 1 March 2017, in place of Mr. Lau Pak Fai Peter.

2. Retired as a member of the Committee on 26 September 2016.

3. Appointed as a member of the Committee on 26 September 2016.

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 2017 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 2017, the remuneration to the external auditor of the Company were approximately HK$2,528,000 and HK$392,000 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 noncompetition 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 2017. 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 2017.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for overseeing the Group’s risk management and internal control systems and reviewing their effectiveness at least annually through the Audit Committee. The Audit Committee assists the Board in fulfilling its oversight roles over the Group’s financial, operational, compliance, risk management and internal controls activities, while senior management designs, implements and monitors the risk management and internal control systems, and reports to the Board and the Audit Committee on the effectiveness of these systems. Systems and internal controls can only provide reasonable but not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve the Group’s business objectives.

Risk Management

The Company has established a formal risk assessment system, including risk assessment criteria for the Group. Senior management identifies the risks that potentially impact the key business processes of their operations on an annual basis. Risks are scored based on their likelihood of occurring and the impact on business should they occur. Senior management assesses the effectiveness of existing controls and develop risk mitigating activities accordingly. Results of the annual risk assessment are reported to the Audit Committee, including the significant risks of the Group and the control activities to mitigate or transfer the identified risks.

Internal Control

The Company has established defined levels of responsibilities and reporting procedures. Controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group’s performance are identified and assessed.

The internal audit department is led by the senior internal audit manager, who reports directly to the Audit Committee. The Internal Audit Department is primarily responsible for performing independent reviews of key business operations of the Group and assisting in the continual development of internal control policies and procedures. During the year, the Company has engaged an external consultant to conduct a review of the Group’s risk management and internal control systems. Results of the review was communicated to the Audit Committee. Issues identified are followed up for proper implementation and the progress will be reported to the Audit Committee periodically.

Review of Risk Management and Internal Control Systems

The Board, through the Audit Committee, has conducted a review of the effectiveness of the internal control system of the Group covering all material controls, including financial, operational and compliance as well as risk management. The Board expects that a review of the risk management and internal control systems will be performed annually. For the year ended 30 April 2017, the Board considers that the Group's risk management and internal control are adequate and effective. The Audit Committee has also reviewed and is satisfied with the adequacy of resources, qualifications and experience, training programmes and budget of the Group's internal audit, accounting and financial reporting functions.

Procedures and controls over handling and dissemination of inside information

The Company has developed a monitoring system for inside information to ensure prompt identification, evaluation and submission of material information to the Board to determine whether such information constitutes as inside information and requires disclosure. The Company strictly complies with the Inside Information Provisions and disclosure requirements set out in the relevant sections of the Securities and Futures Ordinance and Listing Rules.

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, 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 for election as a Director 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 2017, 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 26 September 2016 and were available to answer questions. All Directors of the Company at that time attended the annual general meeting, with the exception of Mr. Yee Boon Yip. The Company's external auditor attended the annual general meeting and was available to answer questions.

Environmental, Social and Governance Report

Unless otherwise specified, this report focuses on the environmental and social impacts of our operations activities in Hong Kong, which represent the core of all our operations, contributing approximately 90% of the Group's revenue for the Year. The Group will extend the scope of disclosures and will ultimately cover all its operations when the data collection system is better established.

The Report excludes the disclosure of environmental key performance indicators (the "KPIs"). To further refine and standardise KPIs for reporting, the Group conducts emissions assessment for the financial year beginning on 1 May 2017. This report complies with the "comply or explain" provisions set out in the "Environmental, Social and Governance Reporting Guide" under Appendix 27 of the Listing Rules.

SUBJECT AREAS A. ENVIRONMENTAL

Aspect A1: Emissions

The Group does not emit a large amount of air pollutants. Nevertheless, as the Group engages an external vehicle fleet to deliver its goods, it undertakes regular reviews of operation of the fleet to optimise the efficiency of its logistics network, for example, reducing the number of miles driven and hours spent, that its business may remain economically competitive and environmentally friendly. The Group strives to reduce greenhouse gas emissions from electricity consumption and has implemented various measures. Details of which see "Use of Resources" below.

Aspect A2: Use of Resources

The Group has proactively adopted measures to minimise the environmental impacts of its business operation. Overall reduction in energy use across the Group is encouraged. Use of energy saving lights and LED lights is standard in office and store lighting (when feasible). Billboard and exterior lighting at street level stores are controlled by timer. We signed the "Charter on External Lighting" launched by the Environmental Bureau of Hong Kong, committing to switching off lighting installations for decorative, promotional or advertising purposes after 11 p.m. to avoid causing light pollution to the surrounding environment. In addition, to reduce the use of paper for color printing, the Group requires to record total usage by each departments.

Aspect A3: The Environment and Natural Resources

The Group has issued an internal environmental pledge for environmental sustainability, an effort of the Group in fulfilling its role as a responsible corporate citizen. For example, the Group bans shark fins and other endangered species from its corporate annual dinner menu. Furthermore, the Group also participates in the "office paper recycling campaign" programme organised by the Eco Association to help lessen the amount of waste paper ending up in landfills. The Group also supports environmental awareness organisations such as WWF-Hong Kong, of which the Group is a silver member based on its regular donations.

The Group has complied with the product eco-responsibility ordinance in respect of plastic shopping bag charging since the ordinance is fully implemented starting on 1 April 2015. Certain of the Group's stores serve as collection points for the "fluorescent lamp recycling programme" where customers can drop off used fluorescent lamps for safe and environmentally-friendly disposal.

The Group does not have direct significant impact on the environment and natural resources beyond the use of resources and emissions issues discussed above.

SUBJECT AREAS B. SOCIAL EMPLOYMENT AND LABOUR PRACTICES

Aspect B1: Employment

As key enablers in helping the Group achieve its economic, environmental and social objectives, our employees are among our most valuable assets. The Group respects every employee and strives to establish an inclusive workplace. The Group is committed to providing equal opportunities in recruitment and promotion, regardless of age, gender, race, skin color, religion, nationality, marital status, disability or sexual orientation. The Group makes every effort to ensure that there is no harassment, including sexual harassment, in the workplace.

The Group believes that hiring and retaining qualified employees is a crucial part of its success. Hence, it regularly reviews its remuneration policy to ensure it matches market standard. The Group also carries out staff evaluations to assess performance of all employees on a yearly basis. Employees are recognised and rewarded according to their individual performance, working experience, respective responsibilities, merit, qualifications, competence and time commitments. The Group observes relevant ordinances and statutory requirements, such as the Employment Ordinance, Employees' Compensation Ordinance and the Mandatory Provident Fund Schemes Ordinance of Hong Kong. The Group had not identified any material non-compliance case regarding violations of relevant laws and regulations on employment during the Year.

Aspect B2: Health and Safety

The Group believes that the operational efficiency of an enterprise and the maintenance of a healthy and safe working environment for all employees are closely related. The Group is committed to maintaining a healthy and safe working environment for its employees. The Group not only complies with The Occupational Safety and Health Ordinance in all relevant requirements, but also provides work safety rules for its employees to follow.

There has been no high-risk or safety-sensitive type of work identified in the Group's workplace. However, all workplace accidents are handled in accordance with the Employees' Compensation Ordinance. Work injuries are immediately reported internally to the human resources department. The Group values employees' safety and health and has included additional elements as part of the employee benefits scheme, such as complementary regular health check-ups and other medical subsidies. The Group had not identified any material non-compliance case regarding violations of relevant laws and regulations on occupational health and safety during the Year.

Aspect B3: Development and Training

Staff development is an important aspect of the Group's human resources strategy. The Group fosters a strong sense of community in a motivating environment for employees to enhance their loyalty and dedication. We strive to motivate our employees with a clear career path which provides them with opportunities to improve their skills. We provide mandatory training to employees upon hiring and tailored subsequent training programmes for them on an on-going basis as appropriate for their assigned duties. This training includes sales and customer service skills for retail operations employees.

Aspect B4: Labour Standards

The Group is fully aware that child labour and forced labour violate fundamental human rights, International Labour Conventions and Recommendations and pose a threat to sustainable social and economic development. Therefore, the Group strictly complies with relevant laws and regulations. The Group prohibites the use of child labour by reviewing the actual age of interviewees during recruitment, including examination of their identity documents and detailed records. The Group only carries out the requirements of standard labour contract and does not use any means to unfairly restrict the employment relationship between employee and the enterprise by, for example, withholding a deposit or identity documents. The Group had not identified any material non-compliance case regarding violations of relevant laws and regulations on child labour and forced labour during the Year,.

Operating Practices

Aspect B5: Supply Chain Management

The Group is aware of the social and environmental risks of its supply chain. To foster long term business benefits, we maintain sound relationships with our key suppliers so as to meet business challenges and regulatory requirements. With long-standing relationships with a number of suppliers, we also share our commitment to quality and business ethics with them.

Aspect B6: Product Responsibility

In today's competitive market environment, the Group takes appropriate action to protect intellectual property rights, which gives the business competitive edge. A specific department is responsible for registration of the Company's self-created trademarks and patents, enabling the Group to sustain a strong brand and image, and to continue to offer high quality products in the future.

Keeping customer information safe is essential for maintaining good corporate governance and building long-term trust with the Group's customers. Thus, the Group adheres to the Personal Data (Privacy) Ordinance of Hong Kong Ordinance, ensuring that customer information we receive is only used for specific intended purposes and we require in our terms of employment strict adherence to the Group's data privacy and confidentiality policies. The Group had not identified any material non-compliance case regarding violations of relevant laws and regulations on product responsibility and data privacy during the Year.

Aspect B7: Anti-corruption

The Group believes integrity is fundamental to the competitiveness and sustainability of a business and also in the carry out of corporate social responsibility. The Group is committed to the highest possible standards of openness, probity and accountability. It adopts a policy of zero tolerance towards corruption. All employees must fully comply with relevant local laws and regulations as well as the Group's own corruption prevention policies. Employees are required to report receipt and subsequent disposal of gifts. Employees are given training and information on their expected conduct upon the identification of potential incidences of corruption or bribery in the workplace.

All employees have a responsibility to report any suspected violations to a supervisor or senior management. To demonstrate our commitment to the highest standards of openness, accountability and probity, the Group has established a written whistle-blowing policy and reporting procedures under which any suspected misconduct or malpractice of the senior management members can be directly reported to its independent non-executive Directors. The Group had not identified any material non-compliance case regarding violations of relevant laws and regulations on anti-corruption during the Year.

Community

Aspect B8: Community Investment

The Group works hard for the sustainable development of the community by assessing and managing the social impacts of its operations on the marketplace and by supporting initiatives that create effective and lasting benefits to communities where it operates. The Group responds positively to the cause with charitable programmes and volunteering services. For example, the Group has sponsored activities organised by the Care for the Elderly Association, as well as other community groups which focus on aid to the elderly or impoverished. The Group has also partnered with Oxfam, an international association combating poverty and injustice, ORBIS, a non-profit organisation dedicated to fighting preventable blindness, and Heifer International, an organisation combating world hunger, to set up donation boxes at certain of the Group's stores. Over the years, the Group has contributed to care for the community, employees and the environment. In honour of its efforts, the Hong Kong Council of Social Service awarded the "10 Years Plus Caring Company "logo to the Group in 2017. In the future, we will engage in more meaningful charitable campaigns in areas covering social welfare services and assistance to the needy in Hong Kong.

RELATIONSHIPS WITH KEY STAKEHOLDERS

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

RELATIONSHIPS WITH CUSTOMERS

The Group is committed to providing the highest standard products and services to its customers. The Group has made customer satisfaction its highest priority and developed a loyalty card programme that offers a wide range of membership privileges and special offers. We have a telephone hotline which customers may call to raise complaints or concerns. We believe that our return policy, which generally allows customers to return defective products within seven days of purchase with the receipt for a product exchange or cash refund, also helps attract customers to our stores.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group fully complies with relevant laws and regulations that have significant impact on its operations, including but not limited to laws in relation to the environment, employment and occupational safety, customer data protection, listing rules compliance and tax rules applicable in the various regions where it operates. The Group is not aware of any incidence of material non-compliance during the Year and up to the date of this annual report.

Independent Auditor's Report

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羅兵咸永道

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

Opinion

What we have audited

The consolidated financial statements of International Housewares Retail Company Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 48 to 107, which comprise:

- the consolidated balance sheet as at 30 April 2017;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 April 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("**the Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

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羅兵咸永道

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of trademark of the Singapore operation Refer to note 16 to the consolidated financial statements. In 2011, the Group acquired a Singapore housewares retail business, which includes a trademark "日本之家". Impairment indicator on the trademark of the Singapore housewares retail operation existed due to the challenging business environment in Singapore. An impairment assessment was performed by management and the recoverable amount was derived from the discounted cash flow forecast of the Singapore housewares retail operation using value in use calculation. Certain key assumption such as sales growth rates, gross profit margin, net profit margin and discount rates were used in discounted cash flow forecast. Management considered impairment on trademark is not necessary based on the impairment assessment. We focused on this area because the impairment assessment involves significant management's judgements on the key assumptions used.	We understood, evaluated and validated management's controls over management's budgetary process and the controls over the preparation, monitoring and approval of the impairment assessment. We obtained management's future cash flow forecasts, tested the mathematical accuracy of the underlying value-in-use calculations and agreed the input data used in the discounted cash flow forecast to the approved financial budget and evaluated the consistency with management's business plan. We also assessed the reasonableness of key assumptions used in the calculations, comprising sales growth rates, gross profit margin, net profit margin and discount rates. When assessing these key assumptions in relation to the sales growth rates, gross profit margin and net profit margin, we discussed them with management to understand management's basis for adopting the assumptions, and compared them to the recent financial performance trend of the market and the actual results of the Group's Singapore operation subsequent to the year end. We also compared the discount rate used to the weighted average cost of capital of the Group and other market participants. We obtained and tested management's sensitivity analysis around the key assumptions, to ascertain the degree to which the key assumptions would need to change before resulting in a material impairment. Based on the procedures performed above, the key assumptions adopted by management in the impairment assessment were considered acceptable.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

羅兵咸永道

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ng Hiu Tung.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 July 2017

Consolidated Income Statement

For the Year Ended 30 April 2017

	Note	Year ended 30 April 2017 HK$'000	2016 HK$'000
Revenue	5	2,111,001	2,039,575
Cost of sales	8	(1,121,848)	(1,091,998)
Gross profit		989,153	947,577
Other income – net	6	13,098	15,916
Other loss – net	7	(733)	(6,565)
Distribution and advertising expenses	8	(53,252)	(56,981)
Administrative and other operating expenses	8	(851,628)	(826,453)
Operating profit		96,638	73,494
Finance income	10	1,612	3,239
Finance expenses	10	(1,004)	(1,935)
Finance income – net	10	608	1,304
Profit before income tax		97,246	74,798
Income tax expense	11	(20,750)	(20,642)
Profit for the year		76,496	54,156
Profit/(loss) attributable to:			
Owners of the Company		87,492	66,492
Non-controlling interests		(10,996)	(12,336)
		76,496	54,156
Earnings per share attributable to the owners of the Company for the year (expressed in HK cents per share)			
Basic earnings per share	12	HK 12.2 cents	HK 9.2 cents
Diluted earnings per share	12	HK 12.2 cents	HK 9.2 cents

The notes on pages 55 to 107 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the Year Ended 30 April 2017

	Year ended 30 April 2017 HK$'000	2016 HK$'000
Profit for the year	76,496	54,156
Other comprehensive loss		
Items that may be reclassified to profit or loss		
Currency translation differences	(249)	(2,831)
Other comprehensive loss for the year, net of tax	(249)	(2,831)
Total comprehensive income for the year	76,247	51,325
Attributable to:		
Owners of the Company	87,198	64,466
Non-controlling interests	(10,951)	(13,141)
Total comprehensive income for the year	76,247	51,325

The notes on pages 55 to 107 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 30 April 2017

	Note	As at 30 April 2017 HK$'000	2016 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	105,145	103,345
Investment property	15	12,980	13,782
Intangible assets	16	27,229	28,480
Deferred income tax assets	24	6,678	6,187
Non-current prepayment and deposits	18	78,282	64,738
		230,314	216,532
Current assets			
Inventories	19	252,842	280,240
Trade and other receivables	18	71,285	59,846
Amount due from shareholders	32(d)	465	465
Current income tax recoverable		1,555	–
Pledged bank deposits	20	6,067	6,555
Bank deposits with initial terms of over three months	20	389	372
Cash and cash equivalents	20	403,753	406,080
		736,356	753,558
Total assets		966,670	970,090
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital and share premium	21	581,565	581,051
Reserves	23	125,960	114,684
		707,525	695,735
Non-controlling interests		(6,637)	(966)
Total equity		700,888	694,769

The notes on pages 55 to 107 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet *(Continued)*

As at 30 April 2017

	Note	As at 30 April 2017 HK$'000	2016 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	24	2,741	2,773
Loan due to a non-controlling shareholder of a subsidiary	32(d)	572	–
Provision for reinstatement cost	25	3,007	2,637
Borrowings	26	759	–
		7,079	5,410
Current liabilities			
Trade and other payable	25	211,721	203,156
Amount due to a non-controlling shareholder of a subsidiary	32(d)	260	–
Loans due to non-controlling shareholders of subsidiaries	32(d)	485	3,064
Borrowings	26	21,667	44,373
Current income tax liabilities		24,570	19,318
		258,703	269,911
Total liabilities		265,782	275,321
Total equity and liabilities		966,670	970,090

The notes on pages 55 to 107 are an integral part of these consolidated financial statements.

The financial statements on pages 48 to 107 were approved by the Board of Directors on 28 July 2017 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 2017

		Attributable to owners of the Company				
	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
Balance at 1 May 2016		581,051	114,684	695,735	(966)	694,769
Comprehensive income:						
Profit for the year		–	87,492	87,492	(10,996)	76,496
Other comprehensive loss:						
Currency translation differences		–	(294)	(294)	45	(249)
Total other comprehensive loss		–	(294)	(294)	45	(249)
Total comprehensive income		–	87,198	87,198	(10,951)	76,247
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		–	–	–	4,096	4,096
Change in equity interests in a subsidiary without change of control	30	–	(2,103)	(2,103)	1,184	(919)
Purchase of own shares for share award scheme	22	–	(240)	(240)	–	(240)
Employee share option and share award scheme:						
– value of services provided	9	–	2,328	2,328	–	2,328
– exercise of options		514	–	514	–	514
Dividend paid relating to 2016	31	–	(40,073)	(40,073)	–	(40,073)
Dividend paid relating to 2017	31	–	(35,834)	(35,834)	–	(35,834)
Total transaction with owners, recognised directly in equity		514	(75,922)	(75,408)	5,280	(70,128)
Balance at 30 April 2017		581,565	125,960	707,525	(6,637)	700,888

The notes on pages 55 to 107 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes In Equity *(Continued)*

For the Year Ended 30 April 2017

	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 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 for cancellation	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	31	–	(40,295)	(40,295)	–	(40,295)
Dividend paid relating to 2016	31	–	(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 55 to 107 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 30 April 2017

	Note	Year ended 30 April 2017 HK$'000	2016 HK$'000
Cash flows from operating activities			
Cash generated from operations	27(a)	161,173	131,788
Income tax paid		(17,483)	(26,234)
Net cash generated from operating activities		143,690	105,554
Cash flows from investing activities			
Purchase of property, plant and equipment		(32,063)	(26,236)
Prepayment for purchase of property, plant and equipment		(17,768)	–
Proceeds from disposal of property, plant and equipment	27(b)	59	577
Payments of remaining consideration for the acquisition of business		–	(750)
Interest received		1,612	3,239
(Decrease)/increase in bank deposits with initial terms of over three months		(17)	195
Net cash used in investing activities		(48,177)	(22,975)
Cash flows from financing activities			
Proceeds from exercise of share options		514	–
Proceeds from issuance of ordinary shares to a non-controlling shareholder		–	563
Repurchase of ordinary shares for cancellation		–	(10,223)
Purchase of own shares for share award schemes		(240)	(3,908)
Decrease/(increase) in pledged bank deposits		488	(22)
Net decrease in trust receipt loans		(23,001)	(31,488)
Proceeds from loans due to non-controlling shareholders		2,463	–
Interest paid		(957)	(1,873)
Dividend paid to non-controlling shareholders		–	(720)
Dividend paid		(75,907)	(76,092)
Payment of capital element of finance lease liabilities		(36)	–
Proceed paid for increase in equity interest in a subsidiary without change of control		(919)	–
Net cash used in financing activities		(97,595)	(123,763)
Net decrease in cash and cash equivalents		(2,082)	(41,184)
Cash and cash equivalents at beginning of the year		406,080	447,376
Exchange differences on cash and cash equivalents		(245)	(112)
Cash and cash equivalents at end of the year	20	403,753	406,080

Singificant non-cash transaction:
During the year ended 30 April 2017, the issurance of ordinary shares by a subsidiary to a non-controlling shareholder of HK$4,096,000 is settled through the loan due to a non-controlling shareholder.

The notes on pages 55 to 107 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 General information

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

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, 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 28 July 2017.

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**") and the requirements of the Hong Kong Companies ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, except for investment properties which were measured at fair value.

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

(i) The following standards and amendments to standards are mandatory for the Group's financial year beginning on 1 May 2016. 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.

Amendment to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendment to HKAS 27	Equity method in separate financial statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRS 10 and HKAS 28	Sales or contribution of assets between an investor and its associates or joint venture
Amendment to HKFRS 11	Accounting for acquisitions of interests in joint operations
HKFRS 14	Regulatory deferred accounts
Amendments to HKFRSs	Annual improvements 2012 - 2014 cycle

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 2016 and have not been early adopted by the Group:

		Effective for the accounting period beginning on or after
Amendment to HKAS 7	Disclosure Initiative	1 January 2017
Amendment to HKAS 12	Recognition of deferred tax assets for unrealised losses	1 January 2017
Amendment to HKFRS 2	Classifcation and Measurement of Share-based Payment Transactions	1 January 2018
Amendment to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
HKFRS 15	Revenue from contracts with customers	1 January 2018
Amendment to HKFRS 15	Clarifications to HKFRS 15	1 January 2018
HKFRS 16	Leases	1 January 2019
Annual Improvement Project	Annual Improvement 2014-2016 Cycle	1 January 2017 or 1 January 2018, appropriate

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 2016.

HKFRS 9, 'Financial instruments'

HKFRS 9 "Financial instrument" addresses the classification, measurement and recognition of financial assets and liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities, there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in the other comprehensive income, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets and financial liabilities.

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 2016 and have not been early adopted by the Group: (Continued)

HKFRS 9, 'Financial instruments' (Continued)
There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under HKFRS 15 "Revenue from Contracts with Customers", lease receivables, loan commitments and certain financial guarantee contracts. For trade receivables, contract assets and lease receivables, a simplified approach can be selected by the Group to measure the lifetime expected credit losses. Despite that the new impairment model may result in an earlier recognition of credit losses, based on management's current assessment, the adoption of the new model is unlikely to have significant impact on the Group's financial performance and position.

HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and the "hedged ratio" to be the same as that used by management for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39.

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

HKFRS 15, 'Revenue from contracts with customers'
HKFRS 15 "Revenue from contracts with customers" replaces the previous revenue standards HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations on revenue recognition. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (i) identity the contract(s) with customer; (ii) identify separate performance obligations in a contract; (iii) determine the transaction price; (iv) allocate transaction price to performance obligations; and (v) recognise revenue when performance obligation is satisfied. The core principal is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an "earnings processes" to an "asset-liability" approach based on transfer of control. HKFRS 15 provides specific guidance on capitalisation of contract cost and license arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Under HKFRS 15, an entity normally recognises revenue when a performance obligation is satisfied. Impact on the revenue recognition may arise when multiple performance obligation are identified. The Group has assessed the impact of the adoption of HKFRS 15 and does not expect the adoption would have a material impact other than presenting more disclosures.

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

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 2016 and have not been early adopted by the Group: (Continued)

HKFRS 16, 'Leases'

HKFRS 16 "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that most operating leases will be accounted for on the consolidated balance sheet for lessees. HKFRS 16 provides a new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognise certain leases outside of the consolidated balance sheets. Instead, when the Group is the lessee, almost all leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's consolidated balance sheets. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation.

The Group is a lessee of various properties which are currently classified as operating leases. The Group's current accounting policy for such leases is set out in Note 2.23 with the Group's future operating lease commitments. As at 30 April 2017, the Group's total operating lease commitments amounted to HK$576,182,000. The new standard will therefore result in an increase in assets and financial liabilities in the Group's consolidated balance sheets upon adoption. As for the financial performance impact in the Group' consolidated statements of comprehensive income, straight-line depreciation expense on the right-of-use asset and the interest expenses on the lease liability are recognised and no rental expenses will be recognised. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to the Group's profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term.

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

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.

(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.

2 Summary of significant accounting policies *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation (Continued)

(a) Business combinations (Continued)

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

2 Summary of significant accounting policies *(Continued)*

2.4 Foreign currency translation *(Continued)*

(c) Group companies (Continued)

(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.

2.5 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 Summary of significant accounting policies *(Continued)*

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'.

2.7 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 Summary of significant accounting policies *(Continued)*

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.

2.10 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.

2 Summary of significant accounting policies *(Continued)*

2.12 Impairment of financial assets *(Continued)*

(a) Assets carried at amortised cost (Continued)

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.

2.13 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 Summary of significant accounting policies *(Continued)*

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.

2.18 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.

2 Summary of significant accounting policies *(Continued)*

2.18 Current and deferred income tax *(Continued)*

(b) Deferred income tax (Continued)

Outside basis differences

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

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

(c) Offsetting

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

2.19 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.

2 Summary of significant accounting policies *(Continued)*

2.19 Employee benefits *(Continued)*

(d) Termination benefits

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

2.20 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).

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

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

(b) Share-based payment transactions among group entities

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

2 Summary of significant accounting policies *(Continued)*

2.21 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.

(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 Summary of significant accounting policies *(Continued)*

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.

2.26 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.

2 Summary of significant accounting policies *(Continued)*

2.26 Financial guarantee contracts *(Continued)*

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 and Singapore 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 2017, 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$222,000 lower/higher (2016: HK$11,000 higher/lower) and HK$204,000 (2016: HK$170,000) lower/higher respectively, mainly as a result of foreign exchange gains/losses on translation of Renminbi-denominated and Japanese Yen-denominated cash and cash equivalents, trade and other payables and 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 Group reviews the recoverable amount of each individual trade receivables to ensure that adequate impairment loss is made for irrecoverable amounts.

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.

(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.

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity Risk (Continued)

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 HK$'000	Less than 1 year HK$'000	Over 1 year HK$'000	Total HK$'000
At 30 April 2017				
Trust receipt loans subject to a repayment on demand clause	21,491	–	–	21,491
Trade and other payable	–	197,034	–	197,034
Finance lease liabilities	–	208	899	1,107
Loans due to non-controlling shareholders of subsidiaries	–	485	597	1,082
Amount due to a non-controlling shareholder of a subsidiary	260	–	–	260
	21,751	197,727	1,496	220,974
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

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.

3 Financial risk management *(Continued)*

3.2 Capital risk management *(Continued)*

The gearing ratios at 30 April 2017 and 2016 were as follows:

	As at 30 April	
	2017	2016
	HK$'000	HK$'000
Total borrowings and loans from non-controlling shareholders	23,483	47,437
Total equity	700,888	694,769
Gearing ratio	3.4%	6.8%

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.

4 Critical accounting estimates and judgements (Continued)

(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.

If the revenue growth rate used in the cash flow projection is reduced by 2% or the gross profit margin is reduced by 3%, the recoverable amount of the trademark based on the value-in-use calculation will remain higher than the carrying amount 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 2017 is as follows:

	Retail HK$'000	Wholesales HK$'000	Licencing and others HK$'000	Total HK$'000
Segment revenue (all from external customers)	2,086,386	23,987	628	2,111,001
Cost of sales	(1,102,323)	(19,525)	–	(1,121,848)
Segment results	984,063	4,462	628	989,153
Gross profit%**	47.17%	18.60%	–	46.86%
Other income				13,098
Other losses, net				(733)
Distribution and advertising expenses				(53,252)
Administrative and other operating expense				(851,628)
Operating profit				96,638
Finance income				1,612
Finance costs				(1,004)
Profit before income tax				97,246
Income tax expense				(20,750)
Profit for the year				76,496

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

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).

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.

5 Segment information *(Continued)*

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 2017 and 2016.

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

	Year ended 30 April	
	2017	2016
	HK$'000	HK$'000
Hong Kong	1,844,576	1,755,007
Mainland China	–	4,822
Singapore	228,073	231,115
Malaysia	–	9,290
Macau	38,352	39,341
	2,111,001	2,039,575

The total of non-current assets, other than intangible assets and deferred income tax assets of the Group as at 30 April 2017 and 2016 are as follows:

	As at 30 April	
	2017	2016
	HK$'000	HK$'000
Hong Kong	145,553	137,385
Mainland China	23,278	13,782
Singapore	26,463	28,745
Macau	1,113	1,953
	196,407	181,865

The amounts provided to the executive directors with respect to 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	
	2017	2016
	HK$'000	HK$'000
Advertising and promotion income	8,517	9,527
Sub-leasing rental income	2,647	3,142
Sundry income	1,934	3,247
	13,098	15,916

7 Other loss – net

	Year ended 30 April	
	2017	2016
	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))	(733)	(7,176)
Impairment loss of goodwill (Note 16)	–	(727)
	(733)	(6,565)

8 Expenses by nature

	Year ended 30 April 2017 HK$'000	2016 HK$'000
Auditors' remuneration		
– Audit services	2,528	2,376
– Non-audit services	392	406
Air conditioning expenses	14,357	13,045
Advertising and promotion expenses	15,380	14,587
Amortisation of trademark (note 16)	613	614
Building management fees	33,416	32,004
Cost of inventories sold	1,121,848	1,091,998
Delivery charges	35,653	40,000
Depreciation expense (note 14)		
– owned property, plant and equipment	30,265	31,993
Employee benefit expense (including directors' emoluments) (note 9)	311,610	303,839
Government rates	12,388	11,162
Legal and professional fee	2,513	2,813
Operating lease rental	365,846	349,682
Repair and maintenance	15,248	13,280
Utility expenses	25,538	26,129
Net exchange (gains)/losses	(1,429)	5,690
Provision for impairment of trade receivables	2,463	–
Others	38,099	35,814
Total cost of sales, distribution and advertising expenses, and administrative and other operating expenses	2,026,728	1,975,432

9 Employee benefit expenses

	Year ended 30 April 2017 HK$'000	2016 HK$'000
Salaries and bonuses	290,020	282,331
Pension costs – defined contribution plans	14,758	15,266
Other employee benefits	4,504	4,665
Share-based compensation	2,328	1,577
	311,610	303,839

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 (2016: three) directors whose emoluments are reflected in the analysis presented in Note 34. The emoluments payable to the remaining two (2016: two) individuals during the year are as follows:

	Year ended 30 April	
	2017	2016
	HK$'000	HK$'000
Salaries and bonuses	2,789	2,753
Pension cost – defined contribution plans	36	36
	2,825	2,789

The emoluments fell within the following bands:

	Number of individuals	
	Year ended 30 April	
	2017	2016
Emolument bands		
HK$1,000,001 - HK$1,500,000	1	1
HK$1,500,001 - HK$2,000,000	1	1
	2	2

(b) During the year ended 30 April 2017, 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 (2016: Nil).

10 Finance income and costs

	Year ended 30 April	
	2017	2016
	HK$'000	HK$'000
Finance income:		
Interest income on short-term bank deposits	1,612	3,239
Interest expense:		
– trust receipt loans and bank overdrafts	(943)	(1,873)
– loan from non-controlling shareholders of subsidiaries	(47)	(62)
– finance lease	(14)	–
Finance expenses	(1,004)	(1,935)
Finance income – net	608	1,304

11 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 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	
	2017	2016
	HK$'000	HK$'000
Current income tax		
– Hong Kong profits tax	21,815	20,631
– Overseas taxation	529	530
– Over provisions in prior years	(1,163)	(34)
Deferred income tax (Note 24)	(431)	(485)
	20,750	20,642

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	
	2017	2016
	HK$'000	HK$'000
Profit before income tax	97,246	74,798
Tax calculated at domestic tax rates applicable to profits in the respective countries	15,641	10,196
Tax effects of:		
– Income not subject to tax	(329)	(592)
– Expenses not deductible for tax purposes	1,769	2,064
– Tax losses for which no deferred income tax asset was recognised	4,755	9,130
– Others	77	(122)
Over provisions in prior years	(1,163)	(34)
Income tax expense	20,750	20,642

The weighted average applicable tax rate was 16.1% (2016: 13.6%).

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 2010/11 to the three subsidiaries, demanding tax totalling HK$22,955,000. These assessments were protective assessments issued before the expiry of the statutory time-barred period pending the result of the field audit.

The management has recorded income tax provision of HK$2,113,000 (as at 30 April 2016: HK$2,113,000) in the Group's consolidated balance sheet as at 30 April 2017 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 2017 HK$'000	2016 HK$'000
Profit attributable to owners of the Company (HK$'000)	**87,492**	66,492
Weighted average number of ordinary shares in issue (in thousands) (Note (i))	**716,060**	719,414
Basic earnings per share attributable to owners of the Company (HK cents per share)	**12.2**	9.2

Note (i):

Weighted average number of ordinary shares in issue are adjusted by the treasury shares held for share award scheme as such shares are not available in the market.

(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 2017 HK$'000	2016 HK$'000
Profit attributable to owners of the Company (HK$'000)	**87,492**	66,492
Weighted average number of ordinary shares in issue (in thousands)	**716,060**	719,414
Adjustments for:		
– Share options and share awards (thousands)	**1,833**	929
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	**717,893**	720,343
Diluted earnings per share attributable to owners of the Company (HK cents per share)	**12.2**	9.2

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/ registed share capital	As at 30 April 2017 Interest held	2016 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$1,000,000	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	Inactive	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$7,708,333	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 Advertising (H.K) Limited# (formerly known as "JHC (China) Limited")	Hong Kong, limited liability company	Inactive	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	77.5%	71.25%
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	Investment of properties in Hong Kong	HK$1	100%	100%
Pako Investment Development Limited#	Hong Kong, limited company	Investment holding in Hong Kong	HK$10,000	100%	N/A
廣州市栢資投資諮詢有限公司#	Mainland China, limited liability company	Investment of properties in Guangzhou, Mainland China	RMB6,050,000	100%	N/A

* 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 2017 is HK$(6,637,000) (2016: HK$(966,000)) 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 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)
Currency translation differences	–	(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
Year ended 30 April 2017								
Opening net book amount	42,441	28,378	26,732	3,865	1,422	–	507	103,345
Additions	–	21,158	9,793	1,305	971	–	177	33,404
Disposals (Note 27(b))	–	(792)	–	–	–	–	–	(792)
Depreciation (Note 8)	(383)	(14,368)	(12,399)	(1,930)	(922)	–	(263)	(30,265)
Currency translation differences	–	(91)	(395)	(59)	(2)	–	–	(547)
Closing net book amount	42,058	34,285	23,731	3,181	1,469	–	421	105,145
At 30 April 2017								
Cost	42,975	147,747	124,454	21,394	6,456	4,125	3,741	350,892
Accumulated depreciation	(917)	(113,462)	(100,723)	(18,213)	(4,987)	(4,125)	(3,320)	(245,747)
Net book amount	42,058	34,285	23,731	3,181	1,469	–	421	105,145

Depreciation expense of HK$30,265,000 (2016: HK$31,993,000) has been charged in administrative and other operating expenses (Note 8).

14 Property, plant and equipment *(Continued)*

Vechicles includes the following amounts where the Group is a lessee under finance leases:

	As at 30 April 2017 HK$'000	2016 HK$'000
Cost – capitalised finance leases	971	–
Accumulated depreciation	(85)	–
Net book amount	886	–

The Group leases various vechicles under non-cancellable finance lease agreements. The lease terms are between 5 and 7 years, and ownership of the assets lies within the Group.

15 Investment property

	As at 30 April 2017 HK$'000	2016 HK$'000
At fair value		
Opening balance at 1 May	13,782	–
Addition	–	12,463
Net gain from fair value adjustment (Note 7)	–	1,338
Curreny translation differences	(802)	(19)
Closing balance at 30 April	12,980	13,782

As at 30 April 2017, the Group had no unprovided contractual obligations for further repairs and maintenance (2016: 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 2017 and 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.

During the year ended 30 April 2017, no gain was included in profit or loss for investment property categorised into level 3 held at the end of the year under 'Other loss – net' (2016: HK$1,338,000).

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 2017			
Land and buildings in Mainland China	Market unit sale price (per square meter)	RMB24,739	The higher the market unit sales price, the higher the fair value
As at 30 April 2016			
Land and buildings in Mainland China	Market unit sale price (per square meter)	RMB24,739	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 2015			
Cost	6,658	26,609	33,267
Accumulated amortisation	–	(2,169)	(2,169)
Currency translation differences	–	(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)
Currency translation differences	–	(1,277)	(1,277)
Net book amount	5,931	22,549	28,480
Year ended 30 April 2017			
Opening net book amount	5,931	22,549	28,480
Currency translation differences	–	(638)	(638)
Amortisation charge (Note 8)	–	(613)	(613)
Closing net book amount	5,931	21,298	27,229
As at 30 April 2017			
Cost	6,658	26,609	33,267
Accumulated amortisation	–	(3,396)	(3,396)
Accumulated impairment	(727)	–	(727)
Currency translation differences	–	(1,915)	(1,915)
Net book amount	5,931	21,298	27,229

Amortisation expense of HK$613,000 (2016: HK$614,000) is included in administrative and other operating expenses (Note 8).

Goodwill was allocated to the Group's retail businesses in Mainland China and Macau, which were considered as separate cash generating units for the year ended 30 April 2016. As at 30 April 2017, goodwill is allocated to the Group's retail business in Macau.

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 10%, which reflects the specific risks relating to the housewares retail businesses. The cash flows beyond the five year period are extrapolated using a 1% growth rate. This growth rate does not exceed the average growth rate for retail industry in which the Group operates.

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

17 Financial instruments by category

	Loans and receivables As at 30 April	
	2017	2016
	HK$'000	HK$'000
Assets as per balance sheet		
Trade and other receivables	127,053	121,233
Amount due from shareholders	465	465
Pledged bank deposits	6,067	6,555
Bank deposits with initial terms of over three months	389	372
Cash and cash equivalents	403,753	406,080
Total	537,727	534,705
Liabilities as per balance sheet		
Trade and other payables	197,034	192,237
Amount due to a non-controlling shareholder of a subsidiary	260	–
Loans due to non-controlling shareholders of subsidiaries	1,057	3,064
Trust receipt loans subject to a repayable on demand clause	21,491	44,373
Finance lease liabilities	935	–
Total	220,777	239,674

18 Trade and other receivables

	As at 30 April	
	2017	2016
	HK$'000	HK$'000
Trade receivables	11,590	8,680
Less: provision for impairment of trade receivables	(2,463)	–
	9,127	8,680
Prepayments	22,514	3,351
Deposits and other receivables	117,926	112,553
	149,567	124,584
Less: non-current portion		
Deposits	(60,684)	(64,738)
Prepayment for purchase of property, plant and equipment	(17,598)	–
	(78,282)	(64,738)
Current portion	71,285	59,846

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

18 Trade and other receivables *(Continued)*

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

	As at 30 April	
	2017	2016
	HK$'000	HK$'000
Up to 3 months	9,010	8,680
3 to 6 months	–	–
6 to 12 months	2,580	–
	11,590	8,680
Less: provision for impairment of receivables	(2,463)	–
	9,127	8,680

As of 30 April 2017, trade receivables of HK$1,540,000 (2016: HK$3,210,000) 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	
	2017	2016
	HK$'000	HK$'000
Up to 3 months	1,423	3,210
3 to 6 months	–	–
6 to 12 months	117	–
	1,540	3,210

Movement of provision for impairment of trade receivables are as follows:

	As at 30 April	
	2017	2016
	HK$'000	HK$'000
At beginning of the year	–	–
Provision for impairment receivables	2,463	–
At end of the year	2,463	–

The creation and release of provision for impaired receivables has been included in "administrative and other operating expenses" in the consolidated income statement (Note 8). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

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.

18 Trade and other receivables *(Continued)*

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

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

	As at 30 April 2017 HK$'000	2016 HK$'000
United States dollars	1,758	3,296
Hong Kong dollars	114,693	97,446
Singapore dollars	20,351	21,035
Malaysian Ringgit	–	300
Renminbi	11,123	867
Taiwan New Dollar	169	182
Macau Patacas	1,473	1,458
	149,567	124,584

19 Inventories

	As at 30 April 2017 HK$'000	2016 HK$'000
Merchandise	252,842	280,240

The cost of inventories recognised as an expense and included in cost of sales amounted to HK$1,121,848,000 (2016: HK$1,091,998,000) (Note 8).

20 Cash and bank balances

	As at 30 April 2017 HK$'000	2016 HK$'000
Cash at bank and on hand	223,210	177,806
Short-term bank deposits	186,999	235,201
	410,209	413,007
Less: pledged bank deposits	(6,067)	(6,555)
Less: bank deposits with initial terms of over three months	(389)	(372)
Cash and cash equivalents	403,753	406,080
Maximum exposure to credit risk	404,852	408,765

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 2017 HK$'000	2016 HK$'000
United States dollars	34,531	14,613
Hong Kong dollars	365,093	383,318
Macau Patacas	5,241	8,272
Others	5,344	6,804
	410,209	413,007

21 Share capital and share premium

	Number of shares (thousands)	Share capital HK$'000	Share premium HK$'000	Total HK$'000
At 1 May 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
Issue of shares (Note (b))	476	48	466	514
At 30 April 2017	718,730	71,873	509,692	581,565

Notes:

(a) During the year ended 30 April 2016, the Company acquired 6,157,000 of its own shares through purchases on the Hong Kong Stock Exchange from 28 July 2015 to 8 January 2016. The total amount paid to acquire the shares was HK$10,223,000. These shares have been cancelled and have been deducted from share capital and share premium.

(b) During the year ended 30 April 2017, 476,000 shares were issued and allotted upon the exercise of options by the options holders.

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.

21 Share capital and share premium *(Continued)*

Share options *(Continued)*

(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 selected 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. During the year ended 30 April 2016, 2,960,000 options under this scheme have been granted.

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 2016	1.91	10,561
Exercised	1.08	(476)
Forfeited	1.51	(240)
At 30 April 2017	1.96	9,845

Out of the 9,845 thousand outstanding share options (2016: 10,561 thousand), 7,197 thousand options (2016: 5,292 thousand) were exercisable. Options exercised in 2017 resulted in 476 thousand shares being issued at a weighted average price of HK$1.08. The related weighted average share price at the time of exercise was HK$1.61 per share.

21 Share capital and share premium *(Continued)*

Share options *(Continued)*

(ii) Share Option Scheme (Continued)

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) 2017	2016
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	**2,540**	2,660
20 January 2024	1.08	**2,364**	2,960
At 30 April 2017		**9,845**	10,561

During the year ended 30 April 2016, the weighted average fair value of options granted determined using the Black-Scholes valuation model was HK$0.16 per option. The significant inputs into the model were weighted average share price of HK$1.08 at the grant date, exercise price shown above, volatility of 39.3%, dividend yield of 10.4%, an expected option life of 512 days, and an annual risk-free interest rate of 0.8%. 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 2017 is HK$437,000 (2016: HK$922,000).

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.

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

During the year ended 30 April 2017, 1,657,000 shares were granted to selected participants pursuant to the Share Award Scheme (2016: 954,000 shares). The trustee of the Share Award Scheme has purchased 150,000 shares of the Company on the Stock Exchange (2016: 2,660,000). The total amount paid to acquire the shares was HK$240,000 (2016: HK$3,908,000) and has been deducted from shareholders' equity. 679,000 treasury shares were distributed to the participants whose share awards have been vested (2016: none). Treasury shares held uncancelled are accounted for as a deduction of shareholders' funds.

For the year ended 30 April 2017, total expense recognised in the consolidated income statement for share award granted is approximately HK$1,891,000 (2016: HK$655,000).

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 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 31)	–	–	–	–	(40,295)	–	(40,295)
Dividend related to 2016 (Note 31)	–	–	–	–	(35,797)	–	(35,797)
Balance at 30 April 2016	(106,347)	5,084	1,493	(3,681)	222,043	(3,908)	114,684
Profit for the year	–	–	–	–	87,492	–	87,492
Currency translation differences	–	–	–	(294)	–	–	(294)
Change in equity interests in a subsidiary without change of control	–	–	(2,103)	–	–	–	(2,103)
Purchase of own shares for share award scheme (Note 22)	–	–	–	–	–	(240)	(240)
Employees share option and share award scheme:							
– Value of employee services (Note 9)	–	2,328	–	–	–	–	2,328
Vesting of share awards	–	(998)	–	–	–	998	–
Dividend related to 2016 (Note 31)	–	–	–	–	(40,073)	–	(40,073)
Dividend related to 2017 (Note 31)	–	–	–	–	(35,834)	–	(35,834)
Balance at 30 April 2017	(106,347)	6,414	(610)	(3,975)	233,628	(3,150)	125,960

24 Deferred income tax

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

	As at 30 April 2017 HK$'000	2016 HK$'000
Deferred tax assets:		
– To be recovered after more than 12 months	6,225	5,799
– To be recovered within 12 months	453	388
	6,678	6,187
Deferred income tax liabilities:		
– To be settled after more than 12 months	(2,741)	(2,773)
– To be settled within 12 months	–	–
	(2,741)	(2,773)
Deferred tax assets (net)	3,937	3,414

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

	HK$'000
At 1 May 2015	2,895
Credited to consolidated income statement (Note 11)	485
Currency translation differences	34
At 30 April 2016	3,414
Credited to consolidated income statement (Note 11)	431
Currency translation differences	92
At 30 April 2017	3,937

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 HK$'000	Unrealised profit HK$'000	Total HK$'000
Deferred tax assets			
At 1 May 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
Credited to the consolidated income statement	426	65	491
At 30 April 2017	6,225	453	6,678

24 Deferred income tax *(Continued)*

	Accelerated tax depreciation HK$'000	Deferred fair value gain HK$'000	Total HK$'000
Deferred tax liabilities			
At 1 May 2015	2,462	–	2,462
Charged to the consolidated income statement	11	334	345
Currency translation differences	(30)	(4)	(34)
At 30 April 2016	2,443	330	2,773
Charged to the consolidated income statement	60	–	60
Currency translation differences	(73)	(19)	(92)
At 30 April 2017	2,430	311	2,741

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$24,546,000 (2016: HK$19,881,000) in respect of losses amounting to approximately HK$116,738,000 (2016: HK$89,578,000) that can be carried forward against future taxable income.

	As at 30 April	
	2017 HK$'000	2016 HK$'000
With no expiry date	90,100	63,103
Expiry in 2017	–	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	11,695
Expiry in 2022	523	–
	116,738	89,578

25 Trade and other payables and provision for reinstatement cost

	As at 30 April	
	2017 HK$'000	2016 HK$'000
Current		
Trade payables	160,702	159,591
Other payables and accruals	36,332	32,646
Deposit received	170	148
Receipts in advance and cash coupons	4,067	2,225
Provision for customer loyalty programs	3,576	2,179
Provision for employee benefits	6,874	6,367
	211,721	203,156
Non-current		
Provision for reinstatement cost	3,007	2,637
	214,728	205,793

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 2017 HK$'000	2016 HK$'000
0 - 30 days	84,273	72,887
31 - 60 days	45,077	38,850
61 - 90 days	21,248	31,442
91 - 120 days	6,084	14,443
Over 120 days	4,020	1,969
	160,702	159,591

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

	As at 30 April 2017 HK$'000	2016 HK$'000
United States dollars	4,359	880
Hong Kong dollars	166,114	176,127
Singapore dollars	31,925	25,839
Malaysian Ringgit	150	263
Renminbi	6,006	993
Taiwan New Dollar	1,600	892
Macau Patacas	1,642	361
Japanese Yen	2,731	434
South Korean Won	–	4
Euro	201	–
	214,728	205,793

26 Borrowings

	As at 30 April 2017 HK$'000	2016 HK$'000
Non-current		
Finance lease liabilities	759	–
Current		
Trust receipt loans, secured and contain a repayment on demand clause	21,491	44,373
Finance lease liabilities	176	–
	21,667	44,373
Total borrowings	22,426	44,373

26 Borrowings *(Continued)*

(a) Trust receipt loans

At 30 April 2017 and 2016, the Group's trust receipt loans were repayable as follows:

	As at 30 April 2017 HK$'000	2016 HK$'000
Within 1 year	21,491	44,373

Trust receipt loans are secured by pledged deposit of HK$6,067,000 (2016: HK$6,555,000) and corporate guarantee by the Company.

The carrying amounts of the Group's trust receipt loans are denominated in the following currencies:

	As at 30 April 2017 HK$'000	2016 HK$'000
Hong Kong dollars	8,308	16,193
Japanese Yen	3,814	5,558
Singapore dollars	1,666	8,956
Euro	569	–
British Pound	–	315
United States dollars	6,335	13,351
Renminbi	799	–
	21,491	44,373

The Group has the following undrawn borrowing facilities:

	As at 30 April 2017 HK$'000	2016 HK$'000
Floating rate:		
– Expiring within one year	160,759	133,644

The facilities expiring within one year are annual facilities subject to review at various dates during 2018.

26 Borrowings *(Continued)*

(b) Finance lease liabilities

The right to the leased assets are reverted to the lessor in the event of default of the lease liabilities of the Group.

The carrying amounts of the Group's finance lease liabilities are denominated in Singapore dollars.

	As at 30 April	
	2017	2016
	HK$'000	HK$'000
Gross finance lease liabilities – minimum lease payments		
No later than 1 year	208	–
Later than 1 year and no later than 5 years	789	–
Later than 5 years	110	–
	1,107	–
Future finance charges on finance leases	(172)	–
Present value of finance lease liabilities	935	–
The present value of finance lease liabilities is as follows:		
No later than 1 year	176	–
Later than 1 year and no later than 5 years	668	–
Later than 5 years	91	–
	935	–

(c) The effective interest rates at the balance sheet date of the borrowings are as follows:

	As at 30 April	
	2017	2016
Trust receipt loans	2.69%	2.92%
Finance lease liabilities	6.09%	–

27 Cash generated from operations

(a) Cash generated from operations:

	Year ended 30 April 2017 HK$'000	2016 HK$'000
Profit before income tax	97,246	74,798
Adjustments for:		
– Loss on disposal of property, plant and equipment, net	733	7,176
– Depreciation	30,265	31,993
– Amortisation of trademark	613	614
– Interest income	(1,612)	(3,239)
– Interest expense	1,004	1,935
– Employee share-based compensation	2,328	1,577
– Impairment loss on goodwill	–	727
– Fair value gain on investment property	–	(1,338)
– Provision for impairment of trade receivables	2,463	–
Changes in working capital:		
– Decrease in inventories	28,022	15,603
– Increase in trade and other receivables	(10,123)	(5,158)
– Increase in trade and other payables	10,234	7,497
– Decrease in amount due to a non-controlling shareholder	–	(397)
Cash generated from operations	161,173	131,788

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

	Year ended 30 April 2017 HK$'000	2016 HK$'000
Net book amount (Note 14)	792	7,753
Loss on disposal of property, plant and equipment, net	(733)	(7,176)
Proceeds from disposal of property, plant and equipment	59	577

28 Contingent liabilities

The Group's bankers have given guarantees in lieu of deposits amounting to HK$15,927,000 (2016: HK$15,581,000) 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	
	2017 HK$'000	2016 HK$'000
No later than one year	308,497	303,298
Later than one year and no later than five years	267,685	276,786
	576,182	580,084

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

At 30 April, 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	
	2017 HK$'000	2016 HK$'000
No later than one year	1,596	1,497
Later than one year and no later than five years	371	751
	1,967	2,248

(c) Capital commitment

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	As at 30 April	
	2017 HK$'000	2016 HK$'000
Property, plant and equipment	52,905	–

30 Transactions with non-controlling interests

During the year ended 30 April 2017, the Group acquired additional interests in JHC Ella Limited from a non-controlling shareholder, which increased the Group's shareholding in this subsidiary from 71.25% to 77.5%.

Effects of transactions with non-controlling interests on the equity attributable to owners of the Company for the year ended 30 April 2017:

	For the year ended 30 April 2017 HK$'000
Changes in equity attributable to owners of the Company arising from acquisition of additional interests in subsidiaries:	
Consideration paid	(919)
Less: Change in non-controlling interest	(1,184)
	(2,103)

31 Dividend

The dividends paid in 2017 and 2016 were HK$75,907,000 (HK10.6 cents per share) and HK$76,092,000 (HK10.6 cents per share) respectively. A dividend in respect of the year ended 30 April 2017 of HK5.6 cents per share, amounting to a total dividend of HK$40,130,000, is to be proposed at the annual general meeting on 25 September 2017. These financial statements do not reflect this dividend payable.

	Year ended 30 April	
	2017 HK$'000	2016 HK$'000
Interim dividend paid of HK5.0 cents (2016: HK5.0 cents) per ordinary share	**35,834**	35,797
Proposed final dividend of HK5.6 cents (2016: HK5.6 cents) per ordinary share	**40,130**	40,073
	75,964	75,870

32 Significant related party transactions

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

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

(a) Sales of goods and services

		Year ended 30 April	
	Note	2017 HK$'000	2016 HK$'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 were charged based on terms mutually agreed between the relevant parties.

32 Significant related party transactions *(Continued)*

(b) Purchase of goods and services

	Note	Year ended 30 April 2017 HK$'000	2016 HK$'000
Operating lease rentals in respect of retail shops to related companies:			
– Mulan's Garden (HK) Limited	(i)	6,438	6,275
– JHC (Investment) Limited	(i)	1,006	870
– Hong Sing Investment Limited	(i)	14,208	11,561
– Charm Rainbow Limited	(i)	1,944	1,944
– Hugo Grand Limited	(i)	5,650	5,177
Consultancy fee to a non-controlling shareholder of a subsidiary	(ii)	65	105
Purchase of goods from a non-controlling shareholder of a subsidiary	(iii)	–	1,081

Notes:

(i) 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 2017 HK$'000	2016 HK$'000
Short-term employee benefits	13,218	13,678
Post-employment benefits – defined contribution plans	201	204
Other long-term benefits	1,625	1,107
	15,044	14,989

32 Significant related party transactions *(Continued)*

(d) Year-end balances

		As at 30 April	
		2017	2016
	Note	HK$'000	HK$'000
Amount due from shareholders	(i)	465	465
Amount due to a non-controlling shareholder of a subsidiary	(ii)	260	–
Loans due to non-controlling shareholders of subsidiaries			
– JHC Retail (M) Sdn Bhd	(iii)	371	411
– Japan Home (Retail) Pte Ltd	(iv)	–	2,539
– JHC (Mirror) Limited	(v)	114	114
– JHC Ella Limited	(vi)	572	–

Notes:

(i) The amounts due from shareholders are unsecured, interest-free, and repayable on demand and denominated in Hong Kong dollars. Its carrying value as at 30 April 2017 and 2016 approximated its fair value.

(ii) The amount due to a non-controlling shareholder of a subsidiary is unsecured, interest free, repayable on demand and denominated in Singapore dollars. Its carrying value as at 30 April 2017 approximated its 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 (2016: principal and interest repayable on 20 November 2015). The loan is denominated in Malaysian Ringgit and the carrying value as at 30 April 2017 and 2016 approximates their 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 approximate the fair values. The loan has been converted to additional shares of Japan Home (Retail) Pte Ltd in current year.

(v) The loans due to non-controlling shareholders of JHC Mirror Limited are unsecured, interest free with their principals repayable on 31 October 2017. The loans are denominated in Hong Kong dollar and their carrying values as at 30 April 2017 and 2016 approximate their fair values.

(vi) The loans due to a non-controlling shareholder of JHC Ella Limited are unsecured, bearing interest at 3% per annum with their principals and interests repayable on 3 October 2018 and 31 October 2018. The loans are denominated in Hong Kong dollars and their carrying values as at 30 April 2017 approximate their fair values.

33 Balance sheet and reserve movement of the Company

Balance sheet of the Company

	As at 30 April 2017 HK$'000	2016 HK$'000
ASSETS		
Non-current assets		
Investments in subsidiaries	113,276	110,948
Current assets		
Other receivables and prepayments	809	832
Amounts due from subsidiaries	538,068	492,788
Cash and cash equivalents	5,645	28,593
	544,522	522,213
Total assets	657,798	633,161
EQUITY		
Capital and reserves attributable to the owners of the Company		
Share capital and share premium	581,565	581,051
Reserves (Note (a))	63,030	37,986
Total equity	644,595	619,037
LIABILITIES		
Current liabilities		
Other payables	326	67
Amount due to subsidiaries	12,877	14,057
Total liabilities	13,203	14,124
Total equity and liabilities	657,798	633,161

The balance sheet of the company was approved by the Board of Directors on 28 July 2017 and were signed on its behalf.

LAU Pak Fai, Peter
Director

NGAI Lai Ha
Director

33 Balance sheet and reserve movement of the Company *(Continued)*

Note (a) Reserve movement of the Company

	Share-based compensation reserve HK$'000	Retained earnings HK$'000	Shares held for share award scheme HK$'000	Total HK$'000
Balance at 1 May 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 31)	–	(40,295)	–	(40,295)
Dividend related to 2016 (Note 31)	–	(35,797)	–	(35,797)
Balance at 30 April 2016	5,084	36,810	(3,908)	37,986
Profit for the year	–	98,863	–	98,863
Purchase of treasury shares	–	–	(240)	(240)
Vesting of share awards	(998)	–	998	–
Employees share option and share award scheme:				
– Value of employee services	2,328	–	–	2,328
Dividend related to 2016 (Note 31)	–	(40,073)	–	(40,073)
Dividend related to 2017 (Note 31)	–	(35,834)	–	(35,834)
Balance at 30 April 2017	6,414	59,766	(3,150)	63,030

34 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 2017:

	Fees	Salary	Discretionary bonuses	Allowances and benefit in kind (Note i)	Employer's contribution to a retirement benefit scheme	Others 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	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors:							
Chong Siu Hong, Andrew (Chief executive officer) (Note ii)	–	1,935	–	644	18	–	2,597
Lau Pak Fai, Peter (Note iii)	–	661	–	67	18	–	746
Ngai Lai Ha (Note ix)	–	2,480	–	67	18	–	2,565
Cheng Sing Yuk	–	1,483	–	200	18	–	1,701
Non-executive director:							
Yeung Yiu Keung (Note viii)	49	–	–	–	–	–	49
Independent non-executive directors:							
Mang Wing Ming, Rene	120	–	–	50	–	–	170
Lau Wai Pun, Raymond (Note v)	49	–	–	–	–	–	49
Yee Boon Yip (Note vi)	120	–	–	–	–	–	120
Neo Sei Lin Christopher (Note vii)	72	–	–	158	–	–	230
Total	410	6,559	–	1,186	72	–	8,227

34 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 2016:

	Fees	Salary	Discretionary bonuses	Allowances and benefit in kind (Note i)	Employer's contribution to a retirement benefit scheme	Others 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	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Chief executive officer:							
Chong Siu Hong, Andrew (Note ii)	–	552	–	–	6	–	558
Executive directors:							
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 vi)	72	–	–	–	–	–	72
Total	1,196	5,661	–	401	60	–	7,318

34 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 as chief executive director on 7 January 2016 and as executive director on 1 March 2017.

(iii) Resigned as a chief executive officer on 7 January 2016 and as the chairman on 1 March 2017.

(iv) Retired on 25 September 2015.

(v) Appointed on 25 September 2015 and retired on 26 September 2016.

(vi) Appointed on 25 September 2015.

(vii) Appointed on 26 September 2016.

(viii) Resigned on 26 September 2016.

(ix) Appointed as Chairman on 1 March 2017.

None of the directors have waived any of the emoluments during the year ended 30 April 2017 and 2016.

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year ended 30 April 2017 (2016: Nil).

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year ended 30 April 2017 (2016: Nil).

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

During the year ended 30 April 2017, the Company did not pay consideration to any third parties for making available directors' services (2016: 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 2017, there were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the year (2016: 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 2017 (2016: Nil) other than those disclosed in note 32.

Corporate Information

DIRECTORS

Executive Directors:

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

Independent Non-executive Directors:

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

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

COMPANY SECRETARY

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

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Woo, Kwan, Lee & Lo

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

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