International Housewares Retail Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1373

eShop

123... by ELLA

Annual Report 2018

日本城 JHC

生活提案 City Life

Corporate Profile

About International Housewares Retail Company Limited (stock code: 1373)

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 353 stores in Hong Kong, Singapore, Macau, Cambodia, Malaysia, Australia and Vietnam under the renowned brands including “JHC”, “Japan Home”, “123 by ELLA” and “City Life” brands. Leveraging extensive sourcing channels and series of private label products, the Group provides a full range of houseware items at competitive prices, creating a “one-stop” shopping experience for customers. For more details, please visit the official websites: www.jhc.com.hk and www.jhceShop.com

The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited on 25 September 2013.

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 2018 (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 comparative figures for the financial year ended 30 April 2017 ("**2016/17**").

- Profit for the Year increased by 32.0% to HK$100,992,000 (2016/17: HK$76,496,000)[1].
- The Singapore business has turned to a profit making position in the second half of the financial year from a loss in the first half of the financial year.
- The Group's revenue increased by 5.6% to HK$2,230,102,000 (2016/17: HK$2,111,001,000).
- The Group's gross profit rose by 5.5% to HK$1,043,039,000 (2016/17: HK$989,153,000) and gross profit margin remained stable at 46.8% (2016/17: 46.9%).
- The Group achieved satisfactory comparable store sales growth[2] both in Hong Kong of 4.5% (2016/17: 3.0%) and Singapore of 9.2% (2016/17: negative 4.6%).
- The Board has resolved to recommend payment of a final dividend of HK7.0 cents per share. Together with the interim dividend of HK5.2 cents per share already paid, the total dividend for the Year would be HK12.2 cents per share (2016/17: HK10.6 cents per share).

Notes:

1. Comparative figures for the financial year ended 30 April 2017 are shown as 2016/17 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:

	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000
Financial performance					
Revenue	**2,230,102**	2,111,001	2,039,575	1,951,279	1,746,838
Operating profit	**120,644**	96,638	73,494	95,575	164,418
Profit before income tax	**122,757**	97,246	74,798	100,068	167,597
Profit for the year	**100,992**	76,496	54,156	79,239	143,099
Financial position					
Cash and cash equivalents	**386,013**	403,753	406,080	447,376	466,432
Total assets	**1,015,907**	966,670	970,090	1,034,584	999,690
Total liabilities	**(287,782)**	(265,782)	(275,321)	(302,337)	(281,010)
Net assets	**728,125**	700,888	694,769	732,247	718,680
Key ratios					
Gross profit margin	**46.8%**	46.9%	46.5%	46.3%	46.5%
Revenue growth	**5.6%**	3.5%	4.5%	11.7%	16.6%
Comparable store sales growth[2] in Hong Kong	**4.5%**	3.0%	5.3%	8.2%	10.0%

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.

Most Favourable Brand by Chinese Customers - Golden Brand	2017 - 2018 2008
Hong Kong Top Service Brand Award	2007 - 2018
Q-Mark	2006 - 2018
No Fakes Pledge	2006 - 2018
Caring Company 14 Years consecutively	2004 - 2018
Quality Tourism Services Assoication Member	2004 - 2018
Quality Tourism Services	2004 - 2018
WWF (HK) - Silver Member	2006 - 2017
Outstanding QTS Merchant - Bronze Award	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 14 Years by The Hong Kong Council of Social Service.

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

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 in North Point, Hong Kong, was opened by founders, Mr. LAU Pak Fai and Ms. NGAI Lai Ha

In 1993, the first "HK$10 store" was opened in Hong Kong

2000

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

2001

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

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

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

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

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

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

2009

Exceeded 200 stores including "Japan Home Centre" and "City Life" in Hong Kong

Endorsed The 5 Consecutive Years "Caring Company" award

2010

EQT Greater China II introduced as a 40% shareholder of 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

2017

Exceed 500,000 members of J Fun

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

2018

Forming JHC omni-channel retailing through full integration of retail shops, Easy Buy, eShop and J Fun app

Chairman's Statement

Dear Shareholders,

The key to success in the fast-changing retail industry is having the ability to seize and flexibly respond to new market trends. That is what the Group has aspired to do – seizing the trends, the growth momentum and business opportunities – and that explains our success. To realise our goal, we will strive to capture new opportunities, advance on firm and steady strides and push for breakthroughs. Capitalising on major strategic opportunities presented by such as development of the Guangdong-Hong Kong-Macau Greater Bay Area, we will pursue business leads arising from the ever closer connection between the mainland and Hong Kong, and also tap development trends that can help us continuously enhance the strengths, scale and market position of our Hong Kong businesses. Our hope is to open a fresh chapter of development in the new era of the retail industry in Hong Kong, thereby create better returns for shareholders and see the Company become a leading Hong Kong style retailer.

Well-established corporate culture

Our success in the past was owed much to the loyalty and diligence of our employees and our well-established corporate culture. In the course of putting our corporate culture into practice, we encourage employees to play a part – treating the Group's endeavours as their own and aligning their personal interests with those of the Group and shareholders. We take pride in the fact that every employee of ours is committed to upholding and practicing our corporate culture that advocates "team spirit with a sense of ownership".

Innovative management team

The Group has overcome different challenges and gained from various opportunities over the years, thanks to its well-defined objectives and highly effective strategies of its management team. However, we are not confined by traditional values and management thinking. Our management team welcomes change and has been forging ahead with reforming the Company's corporate culture with intelligence and creativity, continuously pushing for advancement of the Group's management approach. To thrive in the fast-changing new retail business environment, the management team will sharpen its awareness of risks and market trends, as well as exercise better cost control and raise the operational efficiency and ultimately competitiveness of the Group.

Keep enlarging share in the houseware retail market

The Group's business in Hong Kong continues to offer different brands to meet customers' needs. In addition to the well-known "JHC" brand which provides household products at affordable prices, the Group prides other brands like "123 by Ella", which features trendy, simple and heart-pleasing products, "JHC Concept store" that caters for higher lifestyle preferences with value-added products, and "City Life" that brings high-end and imported products to consumers. The Group has also been working hard on enhancing flexibility in expanding business in and penetrating housing estate area markets. Furthermore, taking advantage of the HKSAR Government stepping up land sale in recent years to increase housing supply, the Group will continue to look for suitable locations to open more stores, particularly in newly developed residential districts and housing estates, striving to meet the huge demand for household products of new residents in those areas. The move will see the Group gain a larger share of the Hong Kong retail market and maintain its position as one of the largest houseware retail chains in the city.

For "123 by ELLA ", its trendy, simple and heart-pleasing products have been well received by customers. We will further strengthen our OEM product development and bring in new excitements to customers alongside with the even stronger efforts to be exerted on the supply chain efficiency improvement. With the brand well-recognised and applying its professional brand management expertise, the Group is exploring opportunity to diversify into franchise business with "123 by Ella" so as to create a new stream of stable incomes and to reduce manpower burden in the expansion process. Taking particular care, we will be studying the franchise opportunity and also keeping an eye on high potential locations for self-operated stores in the future retail network expansion. The Group hopes to expand its franchise business network, thereby boost its market presence and earn a steady income from the operation.

We are glad to see our Singapore business starting to turn around in the second half of the financial year and through the consistent effort of the Group in the past few years in closing down unprofitable stores, improving supply-chain efficiency, clearance of old stock and optimising product-mix, the business had started to contribute profit to the Group in the second half of the financial year. Seizing this opportune time, the Group has launched an online sales platform with an electronic commerce company in Singapore and is about to launch the customer loyalty programme "J Fun" and in-store shopping iPanel "Easy Buy", in Singapore that will work in close complement with the physical stores to make sure customers have access to a more convenient, highly flexible and easy to use retail channel. At the same time, we have pushed forward with fully integrating Singapore's operation system with that of Hong Kong, nurture local talent and fortify the Group's culture there in the hope that our success in Hong Kong can be replicated in Singapore in the nearest future. Singapore remains a strategic market of the Group and we have high hopes that it will grow continuously and make profits.

The new retail business model

With the rapid growth in online shopping trends, e-commerce development is another focus in the Group's business expansion plans. More customers are ordering products online at "JHC eshop" now and collecting them in the physical stores. Heeding that, the Group has introduced the in-store online shopping iPanel "Easy Buy". Using the iPanel, customers can buy more bulky and diversified products covering our entire range of central sourcing products as well as selected popular branded products grouped under designated page for each brand online with home delivery services, or pick up their purchases at stores. The move also allows inventory sharing on and off-line, giving the Group's greater flexibility in choosing retail spaces and controlling overall rental expenses. The Group believes tying together omni-channels such as its physical stores, "JHC eshop", "J Fun APPs" and "Facebook" will boost its growth potential. The Group is transforming and taking on a new retail business model – integrating physical stores with e-commerce operations, thereby providing services, new and convenient, that allow customers to buy its products anywhere, anytime and collect the products wherever they prefer. The Group will continue to build an operating platform with omni-channels at the core, a business model which will benefit future business development. Moreover, the J Fun platform has to date 600,000 members in Hong Kong. Via this integrated and all-engulfing membership scheme, the Group will continue to step up interaction with members and, on that, it will build an omni-channel centred business model comprising and supported by an extensive physical store network in Hong Kong, the e-commerce platform "JHC eshop "and the in-store purchase i-Panel "Easy Buy ".

Enhancing Product Offer

Furthermore, the Group has kept putting more effort onto promoting its own brands, such as "MATSUSHO" electrical appliance,"EZ COOK Professional" cookware and "POLE BEAR" thermos, aiming to develop quality brands with modern and positive images. It has also worked hard on increasing the proportion, types and packaging of its own brand products in the product portfolio to attract attention of customers. In addition, we see a new category opportunity from the combined trends of an ageing population as well as consumers in general more concerned about their health. the Group introduced a new category "Health and Fitness" in 29 stores in Hong Kong, which serves health, beauty and personal care needs, offering a wide range of high quality personal care products and supplements at affordable prices. What we think is to provide shopping convenience to and induce additional purchase by customers when they are visiting our stores. Currently, we are in the process of studying how to extend this to more of our stores. The Group is confident that this category will become a revenue driver in the foreseeable future.

APPRECIATION

On behalf of the Board, I would like to thank our management team and staff for their hard work and contribution in the past year. My gratitude also goes to our customers, business partners and shareholders for their full support and trust. We look forward to having your continuous backing in the coming years.

NGAI Lai Ha
Chairman and Executive Director

Hong Kong, 27 July 2018

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, trendy and lifestyle personal products through an extensive retail network comprising 353 stores in Hong Kong, Singapore, Macau, East Malaysia, Cambodia, Australia and Vietnam under renowned brands including Japan Home Centre (日本城), Japan Home (日本の家), 123 by ELLA, and City Life (生活提案). Supported by extensive sourcing channels and high-margin private label products, the Group is able to provide customers with a full range of houseware, trendy and lifestyle personal items at competitive prices, giving them "one-stop" shopping convenience.

FINANCIAL PERFORMANCE

The Group continued to expand product offerings and introduce new categories during the Year to capture additional market opportunities and enlarge customer base. In addition, driven by the growth in overall comparable store sales and increase in average spending per transaction, the Group's revenue rose by 5.6% to historical high at HK$2,230,102,000 (2016/17: HK$2,111,001,000).

During the Year, the Group's gross profit rose by 5.5% to HK$1,043,039,000 (2016/17: HK$989,153,000) and gross profit margin remained stable at 46.8% (2016/17: 46.9%). We have strived to maintain a healthy revenue growth without compromise on gross profit margin. In the first half of the financial year, with a stock clearance programme mounted in Singapore, the Group's gross profit margin was under pressure. However, with the continuous effort of the management to streamline logistics arrangements with suppliers and bargain for more favourable prices to reduce procurement cost, much of the pressure was mitigated.

Profit for the Year increased by 32.0% to HK$100,992,000 (2016/17: HK$76,496,000), thanks mainly to the Group's continued efforts in expanding its product portfolio, while monitoring constantly purchase prices and the logistics costs of its sourcing activities, as well as managing operating expenses with prudence. Furthermore, the Group closed some unprofitable retail stores in Singapore to minimise the negative impact of underperforming stores on the retail operation overall. As a result, the Singapore business has turned to a profit making position in the second half of the financial year from a loss in the first half of the financial year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2018, the Group maintained a strong financial position with cash and cash equivalents of HK$386,013,000 (30 April 2017: HK$403,753,000), after considerations for acquisitions of certain property assets were paid. 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 implements a stable treasury management policy and does not engage in any highly leveraged or speculative derivative products. It places most of its surplus cash in Hong Kong dollars bank deposit with appropriate maturity period for meeting future funding requirements. Current ratio of the Group was 2.6 (30 April 2017: 2.8). Total borrowings amounted to HK$33,009,000 as at 30 April 2018 (30 April 2017: HK$22,426,000). The Group was in a net cash position as at 30 April 2018 and its gearing ratio as determined by total borrowings divided by total equity was 4.5% (30 April 2017: 3.2%).

OTHERS

As at 30 April 2018, no significant asset of the Group was under charge to any financial institutions. Details of the Group's contingent liabilities and capital commitments are set out respectively in notes 28 and 29(c) of the consolidated financial statements.

Note:

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

OPERATING EFFICIENCIES

Although the operating environment was challenging, the Group achieved satisfactory comparable store sales growth[1] in Hong Kong of 4.5% (2016/17: 3.0%) during the Year.

With overall rental expenses in shopping malls and warehouses consistently climbing, the Group has launched the in-store online shopping iPanel "Easy Buy", a move that has enabled sharing of inventory on- and off-line, giving the Group greater flexibility in choosing retail spaces and controlling overall rental expenses. In addition, enjoying strong brand recognition and with products popular among customers, the Group do not have to open new stores at prime locations hence is able to minimise the impact of rental hike on its operation.

In addition, with salaries on general rise in recent years, the Group expects employee expenses to increase alongside inflation. To mitigate the effects of increasing employee expenses, the Group offers training programmes to employees to maximise their productivity and employees are redeployed to different stores from time to time. As a result, the Group was able to maintain employee expenses at a stable level as a percentage of revenue for the Year.

Despite such adversities, with a brand well-recognised and products well-appreciated by customers, the Group made record high revenue for the Year. Moreover, at the above mentioned efforts and prudence exercised in managing expenses, including closely monitoring store man-hour expenses and using energy efficient lightings in retail spaces to save cost, the Group was able to reduce operating expenses as a percentage of revenue during the Year to 41.9% (2016/17: 42.9%).

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

For the Year Ended 30 April	2018		2017		
	HK$	(%) of revenue	HK$	(%) of revenue	Change (%)
Distribution and advertising expenses	57,202,000	2.6%	53,252,000	2.5%	7.4%
Administrative and other operating expenses	876,998,000	39.3%	851,628,000	40.4%	3.0%
Total operating expenses	934,200,000	41.9%	904,880,000	42.9%	3.2%

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, trendy and lifestyle personal products through an extensive retail network comprising 353 stores in Hong Kong, Singapore, Macau, East Malaysia, Cambodia, Australia and Vietnam under renowned brands including Japan Home Centre (日本城), Japan Home (日本の家), 123 by ELLA, and City Life (生活提案). Supported by extensive sourcing channels and high-margin private label products, the Group is able to provide customers with a full range of houseware, trendy and lifestyle personal items at competitive prices, giving them "one-stop" shopping convenience.

The Group believes that its extensive and steadily growing retail network, large global supplier network and stable and well-experienced staff and management team are going to contribute to the continuous development of its business with the strong brand reputation it has built over the year. The Group thus remains positive about its business prospects in the medium-to-long-term. At the same time, it will continue to restructure with caution its store portfolio in Singapore, close down some underperforming stores to minimise negative effects on its retail business overall, focus on profitable stores and open new stores in high potential areas. The following table sets forth the number of stores of the Group worldwide:

	As at 30 April 2018	As at 30 April 2017	Net increase/ (decrease)
The Group's directly managed stores			
Hong Kong	290	290	–
Singapore	48	57	(9)
Macau	8	8	–
Sub-total	346	355	(9)
The Group's licensed stores			
East Malaysia	1	1	–
Saudi Arabia	–	5	(5)
Cambodia	3	3	–
Australia	2	2	–
Vietnam	1	–	1
Sub-total	7	11	(4)
Total	353	366	(13)

HUMAN RESOURCES

To ensure it is able to attract and retain staff capable of delivering outstanding performance, the Group will review its remuneration packages regularly and qualified employees will receive performance bonuses, and/or granted share options and share awards. In awarding annual discretionary bonus to employees and share options and share awards to supervisory and managerial staff, the performance of the individual concerned will be taken into consideration. As at 30 April 2018, the Group had approximately 2,145 employees (30 April 2017: 2,225) and total employee benefit expense for the Year was HK$327,708,000 (2016/17: HK$311,610,000).

OPERATIONAL REVIEW BY BUSINESS SEGMENT

The Group operates retail, wholesale and licensing and others businesses. Revenue from retail business for the Year climbed to new record high, up by 6.1%, and continued to be the primary sales driver of the Group. The increase was mainly due to growth in comparable store sales and also increase in average spending per transaction. In addition, the Group continued to expand the variety of its merchandise to capture additional market opportunities and enlarge customer base. These efforts resulted in retail revenue in the amount of HK$2,213,549,000 (2016/17: HK$2,086,386,000) (which included consignment sales commission income), accounting for 99.3% (2016/17: 98.8%) of the Group's total revenue.

Revenue from wholesale business, licensing income and others as a whole decreased by 32.8% against the previous year to HK$16,553,000 (2016/17: HK$24,615,000).

OPERATIONAL REVIEW BY GEOGRAPHICAL LOCATION

Operations Review – Hong Kong

Hong Kong remained the key market of the Group, accounting for 87.0% (2016/17: 87.4%) of its total revenue. Revenue from Hong Kong for the Year surged to a new high totalling HK$1,941,285,000 (2016/17: HK$1,844,576,000), a 5.2% increase, while comparable store sales[(1)] managed a relatively favourable 4.5% growth (2016/17: 3.0%).

Operations Review – Singapore

Starting early second quarter of the financial year, new products were introduced and the number of stock-keeping unit (the "S.K.U.") increased as planned, which resulted in encouraging improvement in both sales and gross profit of the Singapore operation. Despite that there was a drop in retail store number to 48 at the end of this financial year from 57 at the end of the last financial year, comparable store sales grew[(1)] by 9.2% (2016/17: negative 4.6%) and revenue for the Year increased by 9.1% to, expressed in Hong Kong dollars, HK$248,841,000 (2016/17: HK$228,073,000).

At the same time, staff costs and other operating expenses declined during the Year, in line with a leaner workforce resulting from the Group streamlining organizational structure and closing unprofitable retail stores. The Group is pleased that, at the concerted effort of employees in Singapore, its business expenses in the market was well under control. Thanks to the above mentioned exertion, the business turned from loss in the first half of the financial year to profit in the second half of the financial year. Singapore remains a strategic market of the Group and the Group is hopeful that the market will see continuous growth and profitability.

Operations Review – Macau

In August 2017, Macau was hit by the most devastating typhoon in over half a century. Nonetheless, the Group's business there still achieved profit and continued to deliver satisfactory results. During the Year, the Group's Macau revenue increased by 4.2% to HK$39,976,000 (2016/17: HK$38,352,000) and comparable store sales growth[(1)] was negative at 5.4% (2016/17: negative 2.5%).

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 2018.

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 HK5.2 cents per ordinary share (2016/17: interim dividend of HK5.0 cents), representing a total payout of approximately HK$37,297,000 was paid by the Company on 26 January 2018. The Board has resolved to recommend payment of a final dividend of HK7.0 cents per ordinary share to shareholders whose names appear on the register of members of the Company on Friday, 5 October 2018 which will be paid on or around Friday, 19 October 2018, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on Wednesday, 26 September 2018. Taking into account of the interim dividend payment, the total dividend for the Year would amount to HK12.2 cents per share (2016/17: HK10.6 cents per share), totaling approximately HK$87,505,000 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 Wednesday, 26 September 2018 will be closed from Wednesday, 19 September 2018 to Wednesday, 26 September 2018, 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 Tuesday, 18 September 2018.

Subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on Wednesday, 26 September 2018, the proposed final dividend will be payable to the shareholders of the Company whose names appear on the register of members of the Company after the close of business at 4:30 p.m. on Friday, 5 October 2018 and the register of members of the Company will be closed from Wednesday, 3 October 2018 to Friday, 5 October 2018, (both days inclusive), during which no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all share transfer documents, accompanied by the relevant share certificates lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 2 October 2018.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and assets and liabilities of the Group for the five years ended 30 April 2014, 2015, 2016, 2017 and 2018 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:

Ms. Ngai Lai Ha *(Chairman)*
Mr. Lau Pak Fai Peter *(Honorary 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. Lau Chun Wah Davy	(Appointed on 1 May 2018)
Mr. Neo Sei Lin Christopher	(Resigned on 1 May 2018)

Pursuant to article 84(1) & (2) of the articles of association of the Company, Ms. Ngai Lai Ha and Mr. Lau Pak Fai Peter 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. Lau Chun Wah Davy who was appointed by the Board as Directors, will retire from office at the forthcoming annual general meeting and will 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.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Ms. NGAI Lai Ha, aged 46

Ms. Ngai is the co-founder of the Group and has been playing a key role in the continuing growth of the Group on different aspects since it opening the first store in Hong Kong back to year 1991. Ms. Ngai has been appointed as Chairman of the Board since 1 March 2017. She is also an executive Director, the Chairman of nomination committee, and a member of the remuneration committee of the Company. Ms. Ngai has dedicated most of her time and efforts to developing the business, and has contributed significantly to the success of the Group throughout the years.

Taking the helm of the business, Ms. Ngai has spearheaded 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 governing council member of the Quality Tourism Services Association, an executive vice president of the Professional Validation Centre of Hong Kong Business Sector, an honorary director of the University of Hong Kong Foundation, an honorary president of Nanjing (H.K.) Association Limited, an executive committee of the Guangdong Federation of Industry and Commerce, the district vice president of the Yau Tsim District, Scout Association of Hong Kong, and a vice chairman of the Board of Grateful Heart Charitable Foundation. 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. Ms. Ngai was honored the "Excellent Businesswomen" of the year by the Hong Kong Commercial Daily in 2017.

Mr. LAU Pak Fai Peter, aged 60

Mr. Lau 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 resigned as a member of the nomination committee of the Company with effect from 11 August 2017 but has remained as an executive Director. 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 guided the development and implementation of the business strategies, and 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.

Mr. CHENG Sing Yuk, aged 59

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 48

Mr. Chong was appointed as an executive Director with effect from 1 March 2017. He is the chief executive officer of the Company since 7 January 2016. Prior to joining the Group, he was (the "TCM") 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 66

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.

Mr. YEE Boon Yip, aged 40

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. LAU Chun Wah Davy, aged 63

Mr. Lau 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 1 May 2018. Mr. Lau trilingual in Japanese, English and Mandarin, has significant track record in building and running multinational businesses in Asia Pacific for more than 30 years spanning across manufacturing, IT systems solutions and outsourcing, banking and real-time on-line information business as well as professional services.

Mr. Lau served as an independent non-executive director and a non-executive chairman of AL Group Limited (shares of which are listed on The Stock Exchange of Hong Kong Limited; stock code: 8360) between 15 June 2016 and 12 July 2017. Since June 2015, Mr. Lau has been serving as an independent director and the chairman of the nominating and remuneration committee of Manulife US Real Estate Management Pte. Ltd., the manager of the real estate investment trust (REIT), Manulife US Real Estate Investment Trust, which has been listed on the Singapore Exchange (stock code: BTOU) since 20 May 2016.

Mr. Lau is currently the chairman of DGL Group Inc, managing his private direct investments. Prior to launching DGL Group Inc, for 17 years between March 1994 and February 2011, Mr. Lau was with Egon Zehnder International Pte. Ltd., a leading global executive search firm, recruiting senior executives, CEOs and board directors in the Asia Pacific region for various MNCs as well as Asian companies. He was elected Global Partner of the firm at the end of 1999 and was the managing partner of the Singapore practice between 2000 and 2009.

Mr. Lau started his career at Computervision Asia, Ltd., an early pioneer in the CAD/CAM systems business, in the early eighties; for six years between 1981 and 1987, he held various sales & marketing positions selling and implementing CAD/CAM systems, including some of the most significant CAD/CAM systems ever installed in China. He was Vice President of the Information Business Division at Citibank N.A., Tokyo Branch between February 1988 and May 1990, where he marketed real-time on-line financial information services to multi-national corporations as well as banks in Japan. Mr. Lau was the General Manager and Director, Far East Sales & Operations for GTECH Far East Pte. Ltd., an international gaming service provider, between August 1991 and February 1994, where he marketed and supported the on-going operations of various public gaming IT outsourcing projects in Asia.

In 2006, Mr. Lau co-founded The Mustard Seed Business Angel Fund LLP, the first business angel group recognised and supported by the Economic Development Board of Singapore under its Business Angel Scheme. He is currently a member of the resource panel of private equity fund, Credence Partners Pte. Ltd, as well as an advisor of Invitrocue Pte. Ltd. He sits on the boards of UWCSEA (United World College of Southeast Asia), Hong Kong-ASEAN Economic Cooperation Foundation Limited and Make-A-Wish Foundation (Singapore) Limited. He was an advisor of ACA Investments Pte. Ltd. and a member on various public or private corporate boards, including NASDAQ listed HiSoft Technology International Limited, Strategic Investment Partners, Inc. (Japan) and eZoo School of Music and Fine Arts Pte. Ltd. (Singapore).

Mr. Lau was a recipient of the Japanese Government Scholarship for Undergraduate Students in 1974 and received a Bachelor of Arts degree in Japanese Language & Affairs from Tokyo University of Foreign Studies in 1979 as well as a Master degree in Economics from Hitotsubashi University in 1981.

Senior Management

Mr. YUEN Ka Ho, aged 51
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 45
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 56
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 47
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 61
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 44
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 2018, 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 2018*
Mr. LAU Pak Fai Peter	Interest in a controlled corporation	324,000,000 *(Note 2)*			339,206,000	47.18%
	Personal interest	14,181,000	1,025,000 *(Note 3)*	–		
Ms. NGAI Lai Ha	Interest in a controlled corporation	324,000,000 *(Note 4)*			340,172,000	47.31%
	Personal interest	15,147,000	1,025,000 *(Note 3)*	–		
Mr. CHENG Sing Yuk	Personal interest	173,000	1,761,500 *(Note 5)*	167,000 *(Note 6)*	2,101,500	0.29%
Mr. CHONG Siu Hong	Personal interest	636,000	–	627,000 *(Note 6)*	1,263,000	0.18%
Mr. MANG Wing Ming Rene	Personal interest	156,000	100,000 *(Note 3)*	56,000 *(Note 6)*	312,000	0.04%

* The percentage was calculated based on 719,015,700 shares in issue as at 30 April 2018

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 Scheme" of this report).

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 30 April 2018, 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 2018, 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 2018*
Hiluleka Limited	Beneficial owner	324,000,000 *(Note 2)*	45.06%
FIL Limited	Interest of corporation controlled by the substantial shareholder	79,136,370 *(Note 3)*	11.01%
FMR LLC	Interest of corporation controlled by the substantial shareholder	71,905,692 *(Note 3)*	10.00%
483A Bay Street Holdings Management LLC	Interest of corporation controlled by the substantial shareholder	38,782,370	5.39%
Grandeur Peak Global Advisors, LLC	Investment manager	50,129,000	6.97%
Webb David Michael	Beneficial owner/Interest of corporation controlled by the substantial shareholder	36,131,000	5.03%

* The percentage was calculated based on 719,015,700 shares in issue as at 30 April 2018.

Notes:

1. All the above shares are long position.

2. The shares are taken to have a duty of disclosure as described in Notes (2) and (4) under the section headed Companyions "Share A Executives are taken and Short Positions in Shares, Underlying Shares and Debenturesunder the section

3. FMR LLC is deemed to have interests in 71,905,692 shares of the Company held by Fidelity (Canada) Asset Management ULC in 34,577,170 shares, Fidelity Management & Research (Hong Kong) Limited in 32,119,600 shares and FMR CO., INC in 5,204,800 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 FIL Limited (82%), Fidelity Canada Investors LLC is owned by certain employees and shareholders of FMR LLC.. According to the disclosure of interests forms, 483A Bay Street Holdings LP is owned by Fidelity Canada Investors LLC (49%) and FIL Limited (51%). It has indirect interest in 38,782,370 shares.

Save as disclosed above, as at 30 April 2018, 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 70,938,000 shares, representing approximately 9.87% 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 2018, options to subscribe for an aggregate of 6,093,000 shares of the Company granted to Directors and certain employees pursuant to the Share Option Scheme remained outstanding, details of which were as follows:

Name and Category of participants	Date of grant	Exercise prices of share options HK$ per share	Exercise periods of share options	Number of shares options (*Note 5*) At 1 May 2017	Exercised during the Year (*Note 4(vii)*)	Forfeited during the Year	At 30 April 2018
Directors							
Mr. LAU Pak Fai Peter	28/02/2014	3.86	31/10/2014 to 27/02/2022 *(Note 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
				1,025,000	–	–	1,025,000
Ms. NGAI Lai Ha	28/02/2014	3.86	31/10/2014 to 27/02/2022 *(Note 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
				1,025,000	–	–	1,025,000
Mr. CHENG Sing Yuk	28/02/2014	3.86	31/10/2014 to 27/02/2022 *(Note 2)*	187,500	–	–	187,500
	12/11/2014	1.93	31/10/2015 to 11/11/2022 *(Notes 3(ii), (v) &(vi))*	220,000	–	–	220,000
	21/01/2016	1.08	31/10/2016 to 20/01/2024 *(Notes 4(ii), (v) &(vi))*	220,000	–	–	220,000
				627,500	–	–	627,500
Mr. MANG Wing Ming Rene	12/11/2014	1.93	31/10/2015 to 11/11/2022 *(Notes 3(iii), (v) &(vi))*	100,000	–	–	100,000
				100,000	–	–	100,000
Sub-total				2,777,500	–	–	2,777,500
Employees –							
In aggregate	28/02/2014	3.86	31/10/2014 to 27/02/2022 *(Note 2)*	937,500	–	–	937,500
	12/11/2014	1.93	31/10/2015 to 11/11/2022 *(Notes 3(iv) &(vi))*	1,520,000	–	–	1,520,000
	21/01/2016	1.08	31/10/2016 to 20/01/2024 *(Notes 4(iv) &(vi))*	1,444,000	(586,000)	–	858,000
Sub-total				3,901,500	(586,000)	–	3,315,500
Total				6,679,000	(586,000)	–	6,093,000

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$1.48 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 2018, options to subscribe for an aggregate of 3,166,020 shares of the Company granted to a Director and certain employees pursuant to the Pre-IPO Share Option Scheme remained outstanding, details of which have been set out in the section headed "appendix IV statutory and general information" in the Company's prospectus dated 12 September 2013.

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

			Number of Shares options *(Note 1)*			
Name and Category of participants	Exercise prices of share options HK$ per share	Exercise periods of share options	At 1 May 2017	Exercised during the Year	Forfeited during the Year	At 30 April 2018
Director						
Mr. CHENG Sing Yuk	1.04	25/09/2013 to 11/10/2018	178,200	–	–	178,200
		12/10/2013 to 11/10/2018	91,800	–	–	91,800
	1.39	25/09/2013 to 11/10/2019	142,560	–	–	142,560
		12/10/2013 to 11/10/2019	142,560	–	–	142,560
		12/10/2014 to 11/10/2019	146,880	–	–	146,880
	1.86	16/10/2013 to 15/10/2020	142,560	–	–	142,560
		16/10/2014 to 15/10/2020	142,560	–	–	142,560
		16/10/2015 to 15/10/2020	146,880	–	–	146,880
Sub-total			1,134,000	–	–	1,134,000
Employees						
In aggregate	1.04	25/09/2013 to 11/10/2018	178,200	–	–	178,200
		12/10/2013 to 11/10/2018	183,600	–	–	183,600
	1.39	25/09/2013 to 11/10/2019	89,100	–	–	89,100
		12/10/2013 to 11/10/2019	178,200	–	–	178,200
		12/10/2014 to 11/10/2019	183,600	–	–	183,600
	1.86	16/10/2013 to 15/10/2020	178,200	–	–	178,200
		16/10/2014 to 15/10/2020	178,200	–	–	178,200
		16/10/2015 to 15/10/2020	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 2018, the trustee of the Share Award Scheme, pursuant to the rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 3,930,000 shares of the Company at a total consideration of about HK$5.8million. The following table discloses movements of the awarded shares of the Company held by the Company's 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 2017	Granted during the Year	Forfeited during the Year	Vested during the Year	Unvested as at 30 April 2018
Directors							
Mr. CHENG Sing Yuk	30/10/2015	08/10/2016 to 08/10/2017	56,000	–	–	(56,000)	–
	06/10/2016	05/10/2017 to 05/10/2018	121,000	–	–	(61,000)	60,000
	20/12/2017	06/10/2018 to 06/10/2019	–	107,000	–	–	107,000
			177,000	107,000	–	(117,000)	167,000
Mr. CHONG Siu Hong	08/08/2016	01/01/2017 to 01/01/2019	695,000	–	–	(175,000)	520,000
	01/09/2017	01/09/2017 to 01/09/2017	–	286,000	–	(286,000)	–
	20/12/2017	06/10/2018 to 06/10/2019	–	107,000	–	–	107,000
			695,000	393,000	–	(461,000)	627,000
Mr. MANG Wing Ming Rene	30/10/2015	08/10/2016 to 08/10/2017	28,000	–	–	(28,000)	–
	20/12/2017	06/10/2018 to 06/10/2019	–	56,000	–	–	56,000
			28,000	56,000	–	(28,000)	56,000
Mr. NEO Sei Lin Christopher	22/05/2017	22/05/2017 to 22/05/2017	–	59,000	–	(59,000)	–
Employees –							
In aggregate	09/10/2015	08/10/2016 to 08/10/2017	361,000	–	–	(361,000)	–
	06/10/2016	05/10/2017 to 05/10/2018	607,000	–	–	(321,000)	286,000
	10/09/2017	10/09/2017 to 10/09/2017	–	143,000	–	(143,000)	–
	20/12/2017	06/10/2018 to 06/10/2019	–	638,000	–	–	638,000
			968,000	781,000	–	(825,000)	924,000
Total			1,868,000	1,396,000	–	(1,490,000)	1,774,000

* The percentage was calculated based on 719,015,700 shares in issue as at 30 April 2018.

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 2018 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 2018, a total of approximately HK$21,827,000 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 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 2018, a total of approximately HK$8,322,000 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 ended/ending 30 April 2017, 2018 and 2019 are 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

During the Year, the Company repurchased a total of 300,000 shares of the Company on the Stock Exchange on 7 August 2017 at the highest and lowest prices of HK$1.47 and HK$1.45 per share respectively at an aggregate consideration (including transaction cost) of approximately HK$440,000. All the repurchased shares were subsequently cancelled by the date of this report. The repurchases were made for the benefit of the Company and its shareholders as a whole with a view to enhancing the earnings per share of the Company.

Besides, the 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 1,120,000 shares of the Company at a total consideration of about HK$1.6 million. Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the Year.

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, 27 July 2018

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 2018.

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 2018.

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 at least one of whom possessing appropriate professional qualifications, or accounting or related financial management expertise. 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:
Ms. Ngai Lai Ha *(Chairman)*
Mr. Lau Pak Fai Peter *(Honorary 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. Lau Chun Wah Davy	(Appointed on 1 May 2018)
Mr. Neo Sei Lin Christopher	(Resigned on 1 May 2018)

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, age, cultural, educational background and professional experience of our Board Members are set out in the "Profile of Directors and senior management" to this annual report. The Board members do not have any family, financial or business relationship with each other.

BOARD MEETINGS AND DIRECTORS' ATTENDANCE

The Board held 4 meetings during the year ended 30 April 2018. 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
Ms. Ngai Lai Ha *(Chairman)*		4	4
Mr. Lau Pak Fai Peter *(Honorary Chairman)*		3	4
Mr. Cheng Sing Yuk		4	4
Mr. Chong Siu Hong		4	4
Mr. Mang Wing Ming Rene		4	4
Mr. Yee Boon Yip		4	4
Mr. Neo Sei Lin Christopher	1	4	4

Notes:

1. Resigned as a Director on 1 May 2018.

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 2018, 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. Yee Boon Yip		2	2
Mr. Neo Sei Lin Christopher	1	2	2

Notes:

1. Resigned as a member of the Committee on 1 May 2018.

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 2018, the Remuneration Committee held two 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, and making of recommendation to the Board on the remuneration packages of newly appointed Director.

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

Members	*Notes*	Meetings attended	Meetings eligible to attend
Mr. Mang Wing Ming Rene *(Chairman)*		2	2
Ms. Ngai Lai Ha		2	2
Mr. Yee Boon Yip		2	2
Mr. Neo Sei Lin Christopher	1	2	2

Notes:

1. Resigned as a member of the Committee on 1 May 2018.

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 2018
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 casual 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 2018, the Nomination Committee held two 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 Director.

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

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

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

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

Notes:

1. Resigned as a member of the Committee on 11 August 2017.

2. Resigned as a member of the Committee on 1 May 2018.

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 2018 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 2018, the remunerations to external auditors of the Company were approximately HK$2,104,000 and HK$318,000 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 of the Company in respect of their compliance with the terms of the non-competition undertakings for the year ended 30 April 2018. 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 2018.

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 were 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 2018, 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 2018, there was no change in the memorandum and articles of association of the Company. An up-to date version of the articles of association of the Company is available on the websites of the Company and the Stock Exchange. Shareholders may refer to the articles of association of the Company for further details of the rights of shareholders.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

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

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

ANNUAL GENERAL MEETING

The Chairman of the Board, the then Chairman of the Audit Committee and Chairman of the Remuneration Committee attended the annual general meeting of the Company on 25 September 2017 and were available to answer questions. All Directors of the Company at that time attended the annual general meeting, with the exception of Mr. Neo Sei Lin Christopher. 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 the Group's operations activities in Hong Kong (the "Reporting Market"), which represent the core of all our operation and contribute approximately 87% 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.

This report excludes the disclosure of environmental key performance indicators (the "KPIs") for the financial year ended 30 April 2017. To standardize KPIs for this reporting, the Group has conducted 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. The Group strives to reduce greenhouse gas emissions and has implemented various measures. Details of which see "Use of Resources" below. The Group's greenhouse gas emissions can be classified into the following three scopes. The relevant activities and environmental KPIs are listed below:

"Scope 1" covers direct emissions from operations of the Reporting Market. The main source of direct emission is from gasoline and diesel consumed by the external vehicle fleets to deliver the goods, that are not owned or controlled by the Group and so the retrieval of the relevant data is not feasible and do not currently capture this in this report Nevertheless, the Group 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;

"Scope 2" covers energy indirect emissions resulting from the generation of purchased electricity consumed within the Reporting Market. Due to our business nature, the significant emissions of the Reporting Market are the greenhouse gas emissions, arising mainly from the use of electricity and fuels derived from fossil fuels. For the financial year ended 30 April 2018, our greenhouse gas emissions intensity resulted from our daily operations in the Reporting Market was 4.83 tonnes of carbon dioxide equivalent per 1 million sales in Hong Kong dollars. Greenhouse gas emissions data is presented in carbon dioxide equivalent (in tonnes) and is computed with reference to the data published by 2017 sustainability reports of the Hong Kong Electric Company Ltd, and the China Light and Power Company Ltd; and

"Scope 3" covers business air travel by employees of the Reporting Market. To minimise exhaust gas emissions, employees are encouraged to reduce the number of overseas business trips by allowing much longer duration of stay, if possible, to replace overseas business trips with video and telephone conferences. These measures reduce exhaust gas and greenhouse gas emissions generated from planes. In turn, physical business trips are insignificant, and accordingly such relevant data are not produced in this report.

Aspect A2: Use of Resources

The Group launched the service of "orders online and self-pickup offline" by the online platforms "JHC eshop" and "Easy Buy ". The stores have become a fast service station for online orders, which enhanced customers' shopping experiences and the sense of security, as well as reduced the logistics and distribution costs and energy consumption. In addition, 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 additional to the above mentioned efforts, the Group has proactively adopted measures to minimise the environmental impacts of its business operation. For example:

- Air-conditioning systems are cleaned and air filters are replaced regularly in order to improve the operational efficiency; and room temperatures are maintained at energy efficient levels;
- Use of energy saving lights and LED lights in office and store lighting (when feasible);
- Complied with the product eco-responsibility ordinance in respect of plastic shopping bag charging;

- Billboard and exterior lighting at street level stores are controlled by timer; and
- Recorded the usage of paper for printing by each department to reduce the use of paper.

The following tables show the figures of resources consumption in the Reporting Market for the financial year ended 30 April 2018:

Resources consumption	*Unit*
Electricity consumption	16,639,426 kWh
The number of plastic shopping bags consumed in the retail stores	1,163,657 pieces
The amount of paper used (excluding those of paper shopping bags and packaging material)	36.30 tonnes

The operation of the Reporting Market does not involve high water consumption, while water usage of the Group is mainly arising from drinking water and for personal hygiene purposes, and so is not significant and accordingly such relevant data are not produced in this report.

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 supports environmental awareness organisations such as WWF-Hong Kong, of which the Group is a silver member based on its regular donations. In addition, 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.

All construction wastes generated by renovation and closure of retail stores were disposed in accordance with the waste disposal ordinance (Chapter 354, Laws of Hong Kong) and the relevant regulations, which minimise the impact of such waste on the environment. The Group also participates in the "office paper recycling campaign" programme organised by the Eco Association. Paper recycling bins are located throughout the office to facilitate the reusing and recycling of paper, reducing the waste paper we generate and ending up in landfills.

In view of our business nature, the Group is not aware of any significant generation of hazardous waste, and so do not currently capture this in our reporting. 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 from any person that does business with the Group. 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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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 99, which comprise:

- the consolidated balance sheet as at 30 April 2018;
- 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 2018, 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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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 key assumptions adopted by management in the impairment assessment were supported by the evidence available.

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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.

Responsibilities of Directors and Those Charged with Governance 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.

Those charged with governance 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.

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

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.

We communicate with those charged with governance 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 those charged with governance 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, 27 July 2018

Consolidated Income Statement

For the Year Ended 30 April 2018

	Note	Year ended 30 April 2018 HK$'000	2017 HK$'000
Revenue	5	2,230,102	2,111,001
Cost of sales	8	(1,187,063)	(1,121,848)
Gross profit		1,043,039	989,153
Other income	6	13,429	13,098
Other loss – net	7	(1,624)	(733)
Distribution and advertising expenses	8	(57,202)	(53,252)
Administrative and other operating expenses	8	(876,998)	(851,628)
Operating profit		120,644	96,638
Finance income	10	2,940	1,612
Finance expenses	10	(827)	(1,004)
Finance income – net	10	2,113	608
Profit before income tax		122,757	97,246
Income tax expense	11	(21,765)	(20,750)
Profit for the year		100,992	76,496
Profit/(loss) attributable to:			
Owners of the Company		104,845	87,492
Non-controlling interests		(3,853)	(10,996)
		100,992	76,496
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 14.6 cents	HK 12.2 cents
Diluted earnings per share	12	HK 14.6 cents	HK 12.2 cents

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the Year Ended 30 April 2018

	Year ended 30 April 2018 HK$'000	2017 HK$'000
Profit for the year	100,992	76,496
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss		
Currency translation differences	2,145	(249)
Other comprehensive income/(loss) for the year, net of tax	2,145	(249)
Total comprehensive income for the year	103,137	76,247
Attributable to:		
Owners of the Company	106,664	87,198
Non-controlling interests	(3,527)	(10,951)
Total comprehensive income for the year	103,137	76,247

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

Consolidated Balance Sheet

As at 30 April 2018

	Note	As at 30 April 2018 HK$'000	2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	134,097	105,145
Investment properties	15	10,534	12,980
Intangible assets	16	27,724	27,229
Deferred income tax assets	24	7,186	6,678
Non-current prepayment and deposits	18	98,668	78,282
		278,209	230,314
Current assets			
Inventories	19	275,747	252,842
Trade and other receivables	18	73,423	71,285
Amounts due from shareholders	32(d)	726	465
Income tax recoverable		1,397	1,555
Pledged bank deposits	20	–	6,067
Bank deposits with initial terms of over three months	20	392	389
Cash and cash equivalents	20	386,013	403,753
		737,698	736,356
Total assets		1,015,907	966,670
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital and share premium	21	581,758	581,565
Reserves	23	146,067	125,960
		727,825	707,525
Non-controlling interests		300	(6,637)
Total equity		728,125	700,888

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

Consolidated Balance Sheet *(Continued)*

As at 30 April 2018

	Note	As at 30 April 2018 HK$'000	2017 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	24	3,016	2,741
Loan due to a non-controlling shareholder of a subsidiary	32(d)	285	572
Provision for reinstatement cost	25	2,905	3,007
Borrowings	26	618	759
		6,824	7,079
Current liabilities			
Trade and other payables	25	221,983	211,721
Amount due to a non-controlling shareholder of a subsidiary	32(d)	276	260
Loans due to non-controlling shareholders of subsidiaries	32(d)	1,813	485
Borrowings	26	32,391	21,667
Current income tax liabilities		24,495	24,570
		280,958	258,703
Total liabilities		287,782	265,782
Total equity and liabilities		1,015,907	966,670

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

The financial statements on pages 48 to 99 were approved by the Board of Directors on 27 July 2018 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 2018

		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 2017		581,565	125,960	707,525	(6,637)	700,888
Comprehensive income:						
Profit for the year		–	104,845	104,845	(3,853)	100,992
Other comprehensive income:						
Currency translation differences		–	1,819	1,819	326	2,145
Total other comprehensive income		–	1,819	1,819	326	2,145
Total comprehensive income		–	106,664	106,664	(3,527)	103,137
Total contributions by and distributions to owners of the Company recognised directly in equity:						
Buy back of shares for cancellation		(440)	–	(440)	–	(440)
Waiver of loan due to non-controlling shareholders of subsidiaries		–	–	–	409	409
Change in equity interests in a subsidiary without change of control	30	–	(10,055)	(10,055)	10,055	–
Purchase of own shares for share award scheme	22	–	(1,633)	(1,633)	–	(1,633)
Employee share option and share award scheme:						
– value of services provided	9	–	2,505	2,505	–	2,505
– exercise of options		633	–	633	–	633
Dividend paid relating to 2017	31	–	(40,077)	(40,077)	–	(40,077)
Dividend paid relating to 2018	31	–	(37,297)	(37,297)	–	(37,297)
Total transaction with owners, recognised directly in equity		193	(86,557)	(86,364)	10,464	(75,900)
Balance at 30 April 2018		581,758	146,067	727,825	300	728,125

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

Consolidated Statement of Changes in Equity *(Continued)*

For the year ended 30 April 2018

	Note	Attributable to owners of the Company			Non-controlling interest	Total equity
		Share capital and share premium (Note 21)	Reserves (Note 23)	Total		
		HK$'000	HK$'000	HK$'000	HK$'000	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		–	(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 above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 April 2018

	Note	Year ended 30 April 2018 HK$'000	2017 HK$'000
Cash flows from operating activities			
Cash generated from operations	27(a)	136,087	161,173
Income tax paid		(21,991)	(17,483)
Net cash generated from operating activities		114,096	143,690
Cash flows from investing activities			
Purchase of property, plant and equipment		(52,135)	(32,063)
Prepayment for purchase of property, plant and equipment		(25,135)	(17,768)
Proceeds from disposal of property, plant and equipment	27(b)	6	59
Proceeds from disposal of investment properties		3,920	–
Interest received		2,940	1,612
Decrease in bank deposits with initial terms of over three months		(3)	(17)
Net cash used in investing activities		(70,407)	(48,177)
Cash flows from financing activities			
Proceeds from exercise of share options		633	514
Repurchase of ordinary shares for cancellation		(440)	–
Purchase of own shares for share award scheme		(1,633)	(240)
Decrease in pledged bank deposits		6,067	488
Increase/(decrease) in trust receipt loans		10,421	(23,001)
Proceeds from loans due to non-controlling shareholders		2,244	2,463
Repayment to loans due to non-controlling shareholders		(921)	–
Interest paid		(759)	(957)
Dividend paid		(77,374)	(75,907)
Payment of capital element of finance lease liabilities		(183)	(36)
Proceed paid for increase in equity interest in a subsidiary without change of control		–	(919)
Net cash used in financing activities		(61,945)	(97,595)
Net decrease in cash and cash equivalents		(18,256)	(2,082)
Cash and cash equivalents at beginning of the year		403,753	406,080
Exchange differences on cash and cash equivalents		516	(245)
Cash and cash equivalents at end of the year	20	386,013	403,753

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

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 27 July 2018.

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) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 May 2017.

HKAS 7 (Amendment)	Disclosure initiative
HKAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRS 12 (Amendment)	Disclosure of Interest In Other Entities

The adoption of these amended standards did not result in substantial changes to the Group's accounting policies nor have any material impact on the consolidated financial statements.

2 Summary of significant accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

(ii) New standards, amended standards and interpretations not yet adopted

The following new and amended standards that are not effective for periods commencing on or after 1 May 2017 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 2 (Amendment)	Classification and Measurement of Share-Based Payment Transactions	1 January 2018
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 15 (Amendment)	Clarifications to HKFRS 15	1 January 2018
HKAS 40 (Amendment)	Transfers of Investment Property	1 January 2018
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 16	Leases	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments	1 January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined
Annual Improvements Project (Amendments)	Annual Improvements 2014-2016 Cycle	1 January 2018
Annual Improvements Project (Amendment)	Annual Improvements 2015-2017 Cycle	1 January 2019

Certain new accounting standards and interpretations have been published that are not mandatory for 30 April 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

HKFRS 9, 'Financial instruments'

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

The Group's financial assets are mainly loans and receivables which the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

2 Summary of significant accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

(ii) New standards, amended standards and interpretations not yet adopted (Continued)

HKFRS 9, 'Financial instruments' (Continued)

The derecognition rules have been transferred from HKAS 39 'Financial instruments: recognition and measurement' and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("**ECL**") rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income ("**FVOCI**"), contract assets under HKFRS 15 'Revenue from contracts with customers', lease receivables, loan commitments and certain financial guarantee contracts. Management has performed preliminary assessment and expects that the adoption of the new expected credit loss model under HKFRS 9 will not have significant impact on the Group's financial position and results of operation.

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

This new standard must be applied for financial years commencing on or after 1 January 2018. The Group does not intend to adopt HKFRS 9 before its mandatory date.

HKFRS 15, 'Revenue from contracts with customers'

The Hong Kong Institute of Certified Public Accountants ("**HKICPA**") has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts and the related literature.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management is currently assessing the effects of applying the new standards on the Group's consolidated financial statements and do not expect the adoption of new standards will have significant impact on the Group's financial position and results of operation.

More detailed assessment will be carried out by the Group to estimate the impact of the new rules on the Group's consolidated financial statements.

This new standard is mandatory for financial years commencing on or after 1 January 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

HKFRS 16, 'Leases'

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the consolidated balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$594,951,000.

The Group has not yet assessed the adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

2 Summary of significant accounting policies *(Continued)*

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.

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.

2.2.2 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 Summary of significant accounting policies *(Continued)*

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

(c) Group companies

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

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

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

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

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

2.5 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 properties

Investment properties, principally comprising leasehold land and buildings, are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. Investment properties are 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.

2.9 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 consolidated 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 Summary of significant accounting policies *(Continued)*

2.11 Offsetting financial instruments

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

2.12 Impairment of financial assets

(a) Assets carried at amortised cost

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

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

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

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

2.13 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, and 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 consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

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

(b) Deferred income tax

Inside basis differences

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

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

Outside basis differences

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

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

(c) Offsetting

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

2 Summary of significant accounting policies *(Continued)*

2.19 Employee benefits

(a) Employee leave entitlements

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

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

(b) Bonus plans

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

(c) Pension obligations

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

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

(d) Termination benefits

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

2 Summary of significant accounting policies (Continued)

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 consolidated income statement, with a corresponding adjustment to equity.

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

(b) Share-based payment transactions among group entities

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

2.21 Provisions

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

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

2 Summary of significant accounting policies *(Continued)*

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.

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 income statement 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 2018, 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$10,000 lower/higher (2017: HK$222,000 lower/higher) and HK$293,000 (2017: HK$204,000) lower/higher respectively, mainly as a result of foreign exchange losses/gains 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.

(ii) Cash flow and fair value interest rate risk

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

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

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk

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

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

The Group reviews the recoverable amount of each individual trade receivable 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 consolidated 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.

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 2018				
Trust receipt loans subject to a repayment on demand clause	32,205	–	–	32,205
Trade and other payable	–	206,470	–	206,470
Finance lease liabilities	–	221	732	953
Loans due to non-controlling shareholders of subsidiaries	–	1,813	350	2,163
Amount due to a non-controlling shareholder of a subsidiary	276	–	–	276
	32,481	208,504	1,082	242,067
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

3 Financial risk management *(Continued)*

3.2 Capital risk management

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

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings and loans from non-controlling shareholders divided by total equity.

The gearing ratios at 30 April 2018 and 2017 were as follows:

	As at 30 April	
	2018	2017
	HK$'000	HK$'000
Total borrowings and loans from non-controlling shareholders	35,107	23,483
Total equity	728,125	700,888
Gearing ratio	4.8%	3.4%

3.3 Fair value estimation

The carrying amounts of the Group's and Company's financial assets including trade and other receivables, amounts due from shareholders, pledged bank 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, loans 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 properties that are measured at fair value is set out in Note 15.

4 Critical accounting estimates and judgements

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

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

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

The Group test annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.8. The recoverable amounts of cash-generating units are determined based on value-in-use calculations or fair value less costs to sell calculations. These calculations require the use of estimates.

The Group tests where the property, plant and equipment and trademarks have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with the accounting policy stated in Note 2.8. The recoverable amount of property, plant and equipment and trademarks has been determined as the higher of its value in use and its fair value less costs to sell.

The recoverable amount of the trademark is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management. Key assumptions used in the financial budgets include gross profit margin, revenue growth rate and discount rate. As a result of the impairment assessment, no impairment charge was necessary in respect of the trademark as the recoverable amount calculated based on value-in-use exceeds its carrying value.

If the gross profit margin is reduced by 4%, the recoverable amount of the trademark based on the value-in-use calculation will remain higher than the carrying amount of the trademark.

4 Critical accounting estimates and judgements *(Continued)*

(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 properties. The higher the average recent market price of similar properties, the higher the fair value of the investment properties 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.

(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 income 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 2018 is as follows:

	Retail HK$'000	Wholesales HK$'000	Licencing and others HK$'000	Total HK$'000
Segment revenue (all from external customers)	2,213,549	16,378	175	2,230,102
Cost of sales	(1,173,243)	(13,820)	–	(1,187,063)
Segment results	1,040,306	2,558	175	1,043,039
Gross profit%**	47.00%	15.62%	–	46.77%
Other income				13,429
Other loss – net				(1,624)
Distribution and advertising expenses				(57,202)
Administrative and other operating expenses				(876,998)
Operating profit				120,644
Finance income				2,940
Finance expenses				(827)
Profit before income tax				122,757
Income tax expense				(21,765)
Profit for the year				100,992

** 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 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 loss – net				(733)
Distribution and advertising expenses				(53,252)
Administrative and other operating expenses				(851,628)
Operating profit				96,638
Finance income				1,612
Finance expenses				(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).

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

The revenue from the Group's largest customer amounted to less than 10% of the Group's total revenue for each of the years ended 30 April 2018 and 2017.

5 Segment information *(Continued)*

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

	Year ended 30 April	
	2018	2017
	HK$'000	HK$'000
Hong Kong	1,941,285	1,844,576
Singapore	248,841	228,073
Macau	39,976	38,352
	2,230,102	2,111,001

The total of non-current assets, other than intangible assets and deferred income tax assets of the Group as at 30 April 2018 and 2017 are as follows:

	As at 30 April	
	2018	2017
	HK$'000	HK$'000
Hong Kong	174,723	145,553
Mainland China	48,060	23,278
Singapore	18,932	26,463
Macau	1,584	1,113
	243,299	196,407

The amounts provided to the executive directors with respect to total assets are measured in a manner consistent with that of the consolidated 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	
	2018	2017
	HK$'000	HK$'000
Advertising and promotion income	10,034	8,517
Sub-leasing rental income	1,542	2,647
Tax indemnity from shareholders	261	–
Sundry income	1,592	1,934
	13,429	13,098

7 Other loss – net

	Year ended 30 April	
	2018	2017
	HK$'000	HK$'000
Fair value gain on investment properties (Note 15)	356	–
Loss on disposal of property, plant and equipment, net (Note 27(b))	(1,980)	(733)
	(1,624)	(733)

8 Expenses by nature

	Year ended 30 April 2018 HK$'000	2017 HK$'000
Auditors' remuneration		
– Audit services	**2,104**	2,528
– Non-audit services	**1,818**	392
Air conditioning expenses	**14,504**	14,357
Advertising and promotion expenses	**16,498**	15,380
Amortisation of trademark (Note 16)	**633**	613
Building management fees	**35,278**	33,416
Cost of inventories sold	**1,187,063**	1,121,848
Delivery charges	**38,636**	35,653
Depreciation expense (Note 14)		
– owned property, plant and equipment	**29,336**	30,265
Employee benefit expense (including directors' emoluments) (Note 9)	**327,708**	311,610
Government rates	**12,901**	12,388
Legal and professional fee	**2,470**	2,513
Operating lease rental	**379,685**	365,846
Repair and maintenance	**14,433**	15,248
Utility expenses	**24,631**	25,538
Net exchange gains	**(4,590)**	(1,429)
Provision for impairment of trade receivables	**–**	2,463
Others	**38,155**	38,099
Total cost of sales, distribution and advertising expenses, and administrative and other operating expenses	**2,121,263**	2,026,728

9 Employee benefit expenses

	Year ended 30 April 2018 HK$'000	2017 HK$'000
Salaries and bonuses	**305,836**	290,020
Pension costs – defined contribution plans	**15,201**	14,758
Other employee benefits	**4,166**	4,504
Share-based compensation	**2,505**	2,328
	327,708	311,610

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2017: three) directors whose emoluments are reflected in the analysis presented in Note 34. The emoluments payable to the remaining two (2017: two) individuals during the year are as follows:

	Year ended 30 April 2018 HK$'000	2017 HK$'000
Salaries and bonuses	**2,841**	2,789
Pension cost – defined contribution plans	**36**	36
	2,877	2,825

The emoluments fell within the following bands:

	Number of individuals Year ended 30 April 2018	2017
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 2018, 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 (2017: Nil).

10 Finance income and expenses

	Year ended 30 April 2018 HK$'000	2017 HK$'000
Finance income:		
Interest income on short-term bank deposits	2,940	1,612
Interest expense:		
– trust receipt loans and bank overdrafts	(726)	(943)
– loan from non-controlling shareholders of subsidiaries	(68)	(47)
– finance lease	(33)	(14)
Finance expenses	(827)	(1,004)
Finance income – net	2,113	608

11 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 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 2018 HK$'000	2017 HK$'000
Current income tax		
– Hong Kong profits tax	21,819	21,815
– Overseas taxation	342	529
	22,161	22,344
(Over)/under provision in prior years		
– Hong Kong profits tax	(57)	(1,163)
– Overseas taxation	53	–
	(4)	(1,163)
Deferred income tax (Note 24)	(392)	(431)
	21,765	20,750

The tax on the Group's profit before income 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 2018 HK$'000	2017 HK$'000
Profit before income tax	122,757	97,246
Tax calculated at domestic tax rates applicable to profits in the respective countries	20,187	15,641
Tax effects of:		
– Income not subject to tax	(629)	(329)
– Expenses not deductible for tax purposes	768	1,769
– Tax losses for which no deferred income tax asset was recognised	2,109	4,755
– Utilisation of tax losses previously not recognised	(372)	–
– Tax deduction in respect of the share based payment expenses	(542)	–
– Withholding tax on dividends of an oversea subsidiary	47	–
– Others	201	77
Over provisions in prior years	(4)	(1,163)
Income tax expense	21,765	20,750

The weighted average applicable tax rate was 16.4% (2017: 16.1%).

11 Income tax expense *(Continued)*

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 2011/12 to the three subsidiaries, demanding tax totalling HK$23,945,000. 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$2,374,000 (as at 30 April 2017: HK$2,113,000) in the Group's consolidated balance sheet as at 30 April 2018 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 2018 HK$'000	2017 HK$'000
Profit attributable to owners of the Company	**104,845**	87,492
Weighted average number of ordinary shares in issue (in thousands) (Note (i))	**716,704**	716,060
Basic earnings per share attributable to owners of the Company (HK cents per share)	**14.6**	12.2

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 2018 HK$'000	2017 HK$'000
Profit attributable to owners of the Company	**104,845**	87,492
Weighted average number of ordinary shares in issue (in thousands)	**716,704**	716,060
Adjustments for:		
– Share options and share awards (in thousands)	**2,750**	1,833
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	**719,454**	717,893
Diluted earnings per share attributable to owners of the Company (HK cents per share)	**14.6**	12.2

Notes to the Consolidated Financial Statements *(Continued)*

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 2018 Interest held	2017 Interest held
Matusadona Investment Limited*	British Virgin Islands, limited company	Investment holding in Hong Kong	US$100	100%	100%
Japan Home Centre (H.K.) Limited#	Hong Kong, limited company	Retail sales of housewares products in Hong Kong	HK$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	100%	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	100%	59.6%
Familj (China) Limited#	Hong Kong limited liability company	Investment holding in Hong Kong	HK$292,000	100%	100%

13 Subsidiaries *(Continued)*

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 2018 Interest held	2017 Interest held
JHC Advertising (H.K) 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%	77.5%
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%	100%
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%	100%

* Equity interest directly held by the Company.

Equity interest indirectly held by the Company.

(a) Material non-controlling interests

The total non-controlling interest as at 30 April 2018 is HK$300,000 attributable to Japan Home (Retail) Pte. Ltd., JHC (Plastic) Limited and JHC Ella Limited. The total non-controlling interest as at 30 April 2017 is HK$6,637,000 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 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
Year ended 30 April 2018								
Opening net book amount	42,058	34,285	23,731	3,181	1,469	–	421	105,145
Additions	36,889	15,715	5,536	1,295	–	–	–	59,435
Disposals (Note 27(b))	–	(1,983)	(3)	–	–	–	–	(1,986)
Depreciation (Note 8)	(1,184)	(14,628)	(11,144)	(1,515)	(685)	–	(180)	(29,336)
Currency translation differences	–	202	494	94	49	–	–	839
Closing net book amount	77,763	33,591	18,614	3,055	833	–	241	134,097
At 30 April 2018								
Cost	79,864	156,175	129,975	22,535	6,236	4,125	3,741	402,651
Accumulated depreciation	(2,101)	(122,584)	(111,361)	(19,480)	(5,403)	(4,125)	(3,500)	(268,554)
Net book amount	77,763	33,591	18,614	3,055	833	–	241	134,097

Depreciation expense of HK$29,336,000 (2017: HK$30,265,000) has been charged in administrative and other operating expenses (Note 8).

14 Property, plant and equipment (Continued)

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

	As at 30 April 2018 HK$'000	2017 HK$'000
Cost – capitalised finance leases	1,028	971
Accumulated depreciation	(296)	(85)
Net book amount	732	886

The Group leases various vehicles 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 properties

	As at 30 April 2018 HK$'000	2017 HK$'000
At fair value		
Opening balance at 1 May	12,980	13,782
Disposals	(3,920)	–
Net gain from fair value adjustment (Note 7)	356	–
Currency translation differences	1,118	(802)
Closing balance at 30 April	10,534	12,980

As at 30 April 2018, the Group had no unprovided contractual obligations for further repairs and maintenance (2017: Nil).

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

The investment properties were revalued as at 30 April 2018 and 2017 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 properties is categorised into level 3 in the fair value hierarchy based on the inputs to valuation techniques used.

The gain for the year included in the consolidated income statement for investment properties categorised into level 3 held at the end of the year under 'Other loss – net' is HK$356,000 (2017: Nil).

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

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

	Significant unobservable inputs	Price	Relationship of unobservable inputs to fair value
As at 30 April 2018			
Land and buildings in Mainland China	Market unit sale price (per square meter)	RMB24,723	The higher the market unit sale price, the higher the 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 sale price, the higher the fair value

16 Intangible assets

	Goodwill HK$'000	Trademark HK$'000	Total HK$'000
As at 1 May 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
Year ended 30 April 2018			
Opening net book amount	5,931	21,298	27,229
Currency translation differences	–	1,128	1,128
Amortisation charge (Note 8)	–	(633)	(633)
Closing net book amount	5,931	21,793	27,724
As at 30 April 2018			
Cost	6,658	26,609	33,267
Accumulated amortisation	–	(4,029)	(4,029)
Accumulated impairment	(727)	–	(727)
Currency translation differences	–	(787)	(787)
Net book amount	5,931	21,793	27,724

Amortisation expense of HK$633,000 (2017: HK$613,000) is included in administrative and other operating expenses (Note 8).

Goodwill was allocated to the Group's retail businesses in Macau, which was considered as a separate cash generating unit.

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 8.5%, 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 amount of goodwill to be less than its carrying amount.

17 Financial instruments by category

	Loans and receivables As at 30 April 2018 HK$'000	2017 HK$'000
Assets as per balance sheet		
Trade and other receivables	128,947	127,053
Amounts due from shareholders	726	465
Pledged bank deposits	–	6,067
Bank deposits with initial terms of over three months	392	389
Cash and cash equivalents	386,013	403,753
Total	516,078	537,727

	Financial liabilities at amortised cost As at 30 April 2018 HK$'000	2017 HK$'000
Liabilities as per balance sheet		
Trade and other payables	206,470	197,034
Amount due to a non-controlling shareholder of a subsidiary	276	260
Loans due to non-controlling shareholders of subsidiaries	2,098	1,057
Trust receipt loans subject to a repayable on demand clause	32,205	21,491
Finance lease liabilities	804	935
Total	241,853	220,777

18 Trade and other receivables

	As at 30 April 2018 HK$'000	2017 HK$'000
Trade receivables	9,096	11,590
Less: provision for impairment of trade receivables	(2,463)	(2,463)
	6,633	9,127
Prepayments	43,144	22,514
Deposits and other receivables	122,314	117,926
	172,091	149,567
Less non-current portion:		
Deposits	(61,142)	(60,684)
Prepayment for purchase of property, plant and equipment	(37,526)	(17,598)
	(98,668)	(78,282)
Current portion	73,423	71,285

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	
	2018	2017
	HK$'000	HK$'000
Up to 3 months	6,633	9,010
3 to 6 months	–	–
6 to 12 months	2,463	2,580
	9,096	11,590
Less: provision for impairment of receivables	(2,463)	(2,463)
	6,633	9,127

As of 30 April 2018, trade receivables of HK$1,793,000 (2017: HK$1,540,000) 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	
	2018	2017
	HK$'000	HK$'000
Up to 3 months	1,793	1,423
3 to 6 months	–	–
6 to 12 months	–	117
	1,793	1,540

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

	As at 30 April	
	2018	2017
	HK$'000	HK$'000
At beginning of the year	2,463	–
Provision for impairment of receivables	–	2,463
At end of the year	2,463	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.

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	
	2018	2017
	HK$'000	HK$'000
United States dollars	1,891	1,758
Hong Kong dollars	110,150	114,693
Singapore dollars	18,787	20,351
Renminbi	39,270	11,123
Taiwan New Dollar	353	169
Macau Patacas	1,640	1,473
	172,091	149,567

19 Inventories

	As at 30 April 2018 HK$'000	2017 HK$'000
Merchandise	**275,747**	252,842

The cost of inventories recognised as an expense and included in cost of sales amounted to HK$1,187,063,000 (2017: HK$1,121,848,000) (Note 8).

20 Cash and bank balances

	As at 30 April 2018 HK$'000	2017 HK$'000
Cash at bank and on hand	**174,842**	223,210
Short-term bank deposits	**211,563**	186,999
	386,405	410,209
Less: pledged bank deposits	–	(6,067)
Less: bank deposits with initial terms of over three months	**(392)**	(389)
Cash and cash equivalents	**386,013**	403,753
Maximum exposure to credit risk	**382,047**	404,852

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 2018 HK$'000	2017 HK$'000
United States dollars	**12,449**	34,531
Hong Kong dollars	**351,110**	365,093
Macau Patacas	**8,153**	5,241
Renminbi	**10,057**	1,478
Others	**4,636**	3,866
	386,405	410,209

21 Share capital and share premium

	Number of shares (thousands)	Share capital HK$'000	Share premium HK$'000	Total HK$'000
At 1 May 2016	718,254	71,825	509,226	581,051
Issue of shares (Note (a))	476	48	466	514
At 30 April 2017	718,730	71,873	509,692	581,565
Buy back of shares (Note (b))	(300)	(30)	(410)	(440)
Issue of shares (Note (c))	586	59	574	633
At 30 April 2018	719,016	71,902	509,856	581,758

Notes:

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

(b) During the year ended 30 April 2018, the Company acquired 300,000 of its own shares through purchases from the Hong Kong Stock Exchange on 7 August 2017. The total amount paid to acquire the shares was HK$440,000. These shares have been cancelled and have been deducted from share capital and share premium.

(c) During the year ended 30 April 2018, 586,000 shares were issued and allotted upon the exercise of options by the options holders.

21 Share capital and share premium *(Continued)*

Share options

The Company operates two share option schemes as described below:

(i) Pre-IPO Share Option Scheme

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

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

(ii) Share Option Scheme

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

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 2016	1.91	10,561
Exercised	1.08	(476)
Forfeited	1.51	(240)
At 30 April 2017	1.96	9,845
At 1 May 2017	1.96	9,845
Exercised	1.08	(586)
At 30 April 2018	2.01	9,259

Out of the 9,259 thousand outstanding share options (2017: 9,845 thousand), 8,327 thousand options (2017: 7,197 thousand) were exercisable. Options exercised in 2018 resulted in 586 thousand shares being issued at a weighted average price of HK$1.08.

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) 2018	2017
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	2,540
20 January 2024	1.08	1,778	2,364
At 30 April 2018		9,259	9,845

The total expense recognised in the consolidated income statement for the year ended 30 April 2018 for share options granted to directors and employees in previous years amounted to HK$157,000 (2017: HK$437,000).

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 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 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 2018, 1,296,000 shares were granted to selected participants pursuant to the Share Award Scheme (2017: 1,657,000 shares). The trustee of the Share Award Scheme has purchased 1,120,000 shares of the Company on the Stock Exchange (2017: 150,000 shares). The total amount paid to acquire the shares was HK$1,633,000 (2017: HK$240,000) and has been deducted from shareholders' equity. 1,490,000 treasury shares were distributed to the participants whose share awards have been vested (2017: 679,000 treasury shares). Treasury shares held uncancelled are accounted for as a deduction of shareholders' equity.

For the year ended 30 April 2018, total expense recognised in the consolidated income statement for share award granted is approximately HK$2,348,000 (2017: HK$1,891,000).

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 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
Balance at 1 May 2017	(106,347)	6,414	(610)	(3,975)	233,628	(3,150)	125,960
Profit for the year	–	–	–	–	104,845	–	104,845
Currency translation differences	–	–	–	1,819	–	–	1,819
Change in equity interests in a subsidiary without change of control	–	–	(10,055)	–	–	–	(10,055)
Purchase of own shares for share award scheme (Note 22)	–	–	–	–	–	(1,633)	(1,633)
Employees share option and share award scheme:							
– Value of employee services (Note 9)	–	2,505	–	–	–	–	2,505
Vesting of share awards	–	(2,192)	–	–	–	2,192	–
Dividend related to 2017 (Note 31)	–	–	–	–	(40,077)	–	(40,077)
Dividend related to 2018 (Note 31)	–	–	–	–	(37,297)	–	(37,297)
Balance at 30 April 2018	(106,347)	6,727	(10,665)	(2,156)	261,099	(2,591)	146,067

24 Deferred income tax

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

	As at 30 April 2018 HK$'000	2017 HK$'000
Deferred income tax assets:		
– To be recovered after more than 12 months	6,668	6,225
– To be recovered within 12 months	518	453
	7,186	6,678
Deferred income tax liabilities:		
– To be settled after more than 12 months	(3,016)	(2,741)
– To be settled within 12 months	–	–
	(3,016)	(2,741)
Deferred income tax assets (net)	4,170	3,937

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

	HK$'000
At 1 May 2016	3,414
Credited to the consolidated income statement (Note 11)	431
Currency translation differences	92
At 30 April 2017	3,937
Credited to the consolidated income statement (Note 11)	392
Currency translation differences	(159)
At 30 April 2018	4,170

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 income tax assets			
At 1 May 2016	5,799	388	6,187
Credited to the consolidated income statement	426	65	491
At 30 April 2017	6,225	453	6,678
Credited to the consolidated income statement	443	65	508
At 30 April 2018	6,668	518	7,186

	Accelerated tax depreciation HK$'000	Fair value gain HK$'000	Total HK$'000
Deferred income tax liabilities			
At 1 May 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
Charged/(credited) to the consolidated income statement	207	(91)	116
Currency translation differences	133	26	159
At 30 April 2018	2,770	246	3,016

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$25,653,000 (2017: HK$24,546,000) in respect of losses amounting to approximately HK$125,287,000 (2017: HK$116,738,000) that can be carried forward against future taxable income.

24 Deferred income tax *(Continued)*

	As at 30 April 2018 HK$'000	2017 HK$'000
With no expiry date	101,895	90,100
Expiry in 2018	4,880	3,245
Expiry in 2019	6,295	4,880
Expiry in 2020	11,694	6,295
Expiry in 2021	523	11,695
Expiry in 2022	–	523
	125,287	116,738

25 Trade and other payables and provision for reinstatement cost

	As at 30 April 2018 HK$'000	2017 HK$'000
Current		
Trade payables	166,434	160,702
Other payables and accruals	40,036	36,332
Deposit received	149	170
Receipts in advance and cash coupons	3,894	4,067
Provision for customer loyalty programs	4,466	3,576
Provision for employee benefits	7,004	6,874
	221,983	211,721
Non-current		
Provision for reinstatement cost	2,905	3,007
	224,888	214,728

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

	As at 30 April 2018 HK$'000	2017 HK$'000
0 - 30 days	90,837	84,273
31 - 60 days	48,398	45,077
61 - 90 days	14,364	21,248
91 - 120 days	10,053	6,084
Over 120 days	2,782	4,020
	166,434	160,702

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

	As at 30 April 2018 HK$'000	2017 HK$'000
United States dollars	1,568	4,359
Hong Kong dollars	189,296	166,114
Singapore dollars	19,885	31,925
Malaysian Ringgit	92	150
Renminbi	10,305	6,006
Taiwan New Dollar	1,490	1,600
Macau Patacas	1,460	1,642
Japanese Yen	649	2,731
Euro	143	201
	224,888	214,728

26 Borrowings

	As at 30 April 2018 HK$'000	2017 HK$'000
Non-current		
Finance lease liabilities	618	759
Current		
Trust receipt loans, secured and contain a repayment on demand clause	32,205	21,491
Finance lease liabilities	186	176
	32,391	21,667
Total borrowings	33,009	22,426

(a) Trust receipt loans

At 30 April 2018 and 2017, the Group's trust receipt loans were repayable as follows:

	As at 30 April 2018 HK$'000	2017 HK$'000
Within 1 year	32,205	21,491

As at 30 April 2018, trust receipt loans are secured by corporate guarantee by the Company.

As at 30 April 2017, trust receipt loans are secured by pledged deposit of HK$6,067,000 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 2018 HK$'000	2017 HK$'000
Hong Kong dollars	15,704	8,308
Japanese Yen	8,061	3,814
Singapore dollars	–	1,666
Euro	338	569
British Pound	234	–
United States dollars	7,868	6,335
Renminbi	–	799
	32,205	21,491

The Group has the following undrawn borrowing facilities:

	As at 30 April 2018 HK$'000	2017 HK$'000
Floating rate:		
– Expiring within one year	175,046	160,759

The facilities expiring within one year are annual facilities subject to review at various dates during 2019.

(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.

26 Borrowings *(Continued)*

(b) Finance lease liabilities *(Continued)*

	As at 30 April 2018 HK$'000	2017 HK$'000
Gross finance lease liabilities – minimum lease payments		
No later than 1 year	221	208
Later than 1 year and no later than 5 years	698	789
Later than 5 years	34	110
	953	1,107
Future finance charges on finance leases	(149)	(172)
Present value of finance lease liabilities	804	935
The present value of finance lease liabilities is as follows:		
No later than 1 year	186	176
Later than 1 year and no later than 5 years	589	668
Later than 5 years	29	91
	804	935

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

	As at 30 April 2018	2017
Trust receipt loans	2.85%	2.69%
Finance lease liabilities	6.08%	6.09%

27 Cash generated from operations

(a) Cash generated from operations:

	Year ended 30 April 2018 HK$'000	2017 HK$'000
Profit before income tax	122,757	97,246
Adjustments for:		
– Loss on disposal of property, plant and equipment, net	1,980	733
– Depreciation	29,336	30,265
– Amortisation of trademark	633	613
– Interest income	(2,940)	(1,612)
– Interest expense	827	1,004
– Employee share-based compensation	2,505	2,328
– Fair value gain on investment properties	(356)	–
– Provision for impairment of trade receivables	–	2,463
– Tax indemnity from shareholders	(261)	–
Changes in working capital:		
– (Increase)/decrease in inventories	(20,716)	28,022
– Increase in trade and other receivables	(1,188)	(10,123)
– Increase in trade and other payables	3,510	10,234
Cash generated from operations	136,087	161,173

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

	Year ended 30 April 2018 HK$'000	2017 HK$'000
Net book amount (Note 14)	1,986	792
Loss on disposal of property, plant and equipment, net (Note 7)	(1,980)	(733)
Proceeds from disposal of property, plant and equipment	6	59

27 Cash generated from operations *(Continued)*

(c) In the consolidated statements of cash flows, cash flows from liabilities arising from financing activities are analysed as follows:

	Borrowings HK$'000	Loans due to non-controlling shareholders of subsidiaries HK$'000	Total HK$'000
As at 1 May 2017	22,426	1,057	23,483
Cash flows			
– Increase in trust receipt loans	10,421	–	10,421
– Proceeds from loans due to non-controlling shareholders	–	2,244	2,244
– Repayment to loans due to non-controlling shareholders	–	(921)	(921)
– Payment of capital element of finance lease liabilities	(183)	–	(183)
Other non-cash movement			
– Waiver of loan due to non-controlling shareholders of subsidiaries	–	(409)	(409)
– Interest payable	–	68	68
– Exchange differences	345	59	404
As at 30 April 2018	33,009	2,098	35,107

28 Contingent liabilities

The Group's bankers have given guarantees in lieu of deposits amounting to HK$16,062,000 (2017: HK$15,927,000) to the Group's landlords and utility providers. These guarantees are counter indemnified by corporate guarantees and pledged deposits provided by certain subsidiaries.

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	
	2018	2017
	HK$'000	HK$'000
No later than one year	319,839	308,497
Later than one year and no later than five years	275,112	267,685
	594,951	576,182

Generally, the Group's operating leases have terms ranging from one to five 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 is not possible to determine in advance of such additional rentals.

(b) Operating lease commitments – as a 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	
	2018	2017
	HK$'000	HK$'000
No later than one year	858	1,596
Later than one year and no later than five years	1,219	371
	2,077	1,967

(c) Capital commitment

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

	As at 30 April	
	2018	2017
	HK$'000	HK$'000
Property, plant and equipment	–	52,905

30 Transactions with non-controlling interests

During the year ended 30 April 2018, the Group acquired additional interests in JHC Retail (M) Sdn. Bhd and JHC (Mirror) Limited from a non-controlling shareholder, which increased the Group's shareholding in these two subsidiaries from 59.6%% to 100% and 60% to 100% respectively.

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:

	Year ended 30 April	
	2018	2017
	HK$'000	HK$'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 interests	(10,055)	(1,184)
	(10,055)	(2,103)

31 Dividend

The dividends paid in 2018 and 2017 were HK$77,374,000 (HK10.8 cents per share) and HK$75,907,000 (HK10.6 cents per share) respectively. A dividend in respect of the year ended 30 April 2018 of HK7.0 cents per share, amounting to a total dividend of HK$50,208,000, is to be proposed at the annual general meeting on 26 September 2018. These consolidated financial statements do not reflect this dividend payable.

	Year ended 30 April	
	2018	2017
	HK$'000	HK$'000
Interim dividend paid of HK5.2 cents (2017: HK5.0 cents) per ordinary share	37,297	35,834
Proposed final dividend of HK7.0 cents (2017: HK5.6 cents) per ordinary share	50,208	40,077
	87,505	75,911

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	
		2018	2017
	Note	HK$'000	HK$'000
Management fee income:			
– JHC (Investment) Limited	(i)	10	10
– Mulan's Garden (HK) Limited	(i)	20	20
– Hong Sing Investment Limited	(i)	10	10

Note:

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

(b) Purchases of goods and services

		Year ended 30 April	
		2018	2017
	Note	HK$'000	HK$'000
Operating lease rentals in respect of retail shops to related companies:			
– Mulan's Garden (HK) Limited	(i)	6,378	6,438
– JHC (Investment) Limited	(i)	1,088	1,006
– Hong Sing Investment Limited	(i)	14,905	14,208
– Charm Rainbow Limited	(i)	1,944	1,944
– Hugo Grand Limited	(i)	5,834	5,650
Consultancy fee to a non-controlling shareholder of a subsidiary	(ii)	–	65

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 party.

32 Significant related party transactions (Continued)

(c) Key management compensation

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

	Year ended 30 April 2018 HK$'000	2017 HK$'000
Short-term employee benefits	13,769	13,218
Post-employment benefits – defined contribution plans	197	201
Other long-term benefits	2,504	1,625
	16,470	15,044

(d) Year-end balances

	Note	As at 30 April 2018 HK$'000	201 HK$'000
Amounts due from shareholders	(i)	726	465
Amount due to a non-controlling shareholder of a subsidiary	(ii)	276	260
Loans due to non-controlling shareholders of subsidiaries			
– JHC Retail (M) Sdn Bhd	(iii)	–	371
– Japan Home (Retail) Pte Ltd	(iv)	993	–
– JHC (Mirror) Limited	(v)	–	114
– JHC Ella Limited	(vi)	1,105	572

Notes:

(i) The amounts due from shareholders are unsecured, interest-free, repayable on demand and denominated in Hong Kong dollars. Its carrying value as at 30 April 2018 and 2017 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 2018 and 2017 approximated its fair value.

(iii) As at 30 April 2017, 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. The loan was denominated in Malaysian Ringgit and the carrying value as at 30 April 2017 approximated its fair value.

During the year ended 30 April 2018, the loan was waived by the non-controlling shareholder of JHC Retail (M) Sdn Bhd.

(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 1 June 2018. The loan is denominated in Singapore dollars and the carrying values as at 30 April 2018 approximated its fair value.

(v) As at 30 April 2017, the loans due to non-controlling shareholders of JHC Mirror Limited are unsecured and interest free with their principals repaid on 31 October 2017. The loans were denominated in Hong Kong dollars and their carrying values as at 30 April 2017 approximated 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, 31 October 2018, 30 April 2019 and 31 October 2019. The loans are denominated in Hong Kong dollars and their carrying values as at 30 April 2018 and 2017 approximate their fair values.

33 Balance sheet and reserve movement of the Company

Balance sheet of the Company

	As at 30 April 2018 HK$'000	2017 HK$'000
ASSETS		
Non-current assets		
Investments in subsidiaries	112,495	113,276
Current assets		
Other receivables and prepayments	438	809
Amounts due from subsidiaries	563,959	538,068
Cash and cash equivalents	3,508	5,645
	567,905	544,522
Total assets	680,400	657,798
EQUITY		
Capital and reserves attributable to the owners of the Company		
Share capital and share premium	581,758	581,565
Reserves (Note (a))	85,268	63,030
Total equity	667,026	644,595
LIABILITIES		
Current liabilities		
Other payables	563	326
Amounts due to subsidiaries	12,811	12,877
Total liabilities	13,374	13,203
Total equity and liabilities	680,400	657,798

The balance sheet of the Company was approved by the Board of Directors on 27 July 2018 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 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
Profit for the year	–	98,740	–	98,740
Purchase of treasury shares	–	–	(1,633)	(1,633)
Vesting of share awards	(2,192)	–	2,192	–
Employees share option and share award scheme:				
– Value of employee services	2,505	–	–	2,505
Dividend related to 2017 (Note 31)	–	(40,077)	–	(40,077)
Dividend related to 2018 (Note 31)	–	(37,297)	–	(37,297)
Balance at 30 April 2018	6,727	81,132	(2,591)	85,268

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 officer is set out below:

For the year ended 30 April 2018:

	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)	–	1,960	–	934	18	–	2,912
Lau Pak Fai, Peter	–	680	–	21	18	–	719
Ngai Lai Ha	–	2,585	–	21	18	–	2,624
Cheng Sing Yuk	–	1,556	–	182	18	–	1,756
Independent non-executive directors:							
Mang Wing Ming, Rene	150	–	–	58	–	–	208
Yee Boon Yip	120	–	–	–	–	–	120
Neo Sei Lin Christopher	120	–	–	38	–	–	158
Total	390	6,781	–	1,254	72	–	8,497

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 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 vii)	–	2,480	–	67	18	–	2,565
Cheng Sing Yuk	–	1,483	–	200	18	–	1,701
Non-executive director:							
Yeung Yiu Keung (Note vi)	49	–	–	–	–	–	49
Independent non-executive directors:							
Mang Wing Ming, Rene	120	–	–	50	–	–	170
Lau Wai Pun, Raymond (Note iv)	49	–	–	–	–	–	49
Yee Boon Yip (Note v)	120	–	–	–	–	–	120
Neo Sei Lin Christopher (Note v)	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)*

Notes:

(i) Other benefits include share based compensation.

(ii) Appointed as executive director on 1 March 2017.

(iii) Resigned as Chairman on 1 March 2017.

(iv) Retired on 26 September 2016.

(v) Appointed on 26 September 2016.

(vi) Resigned on 26 September 2016.

(vii) Appointed as Chairman on 1 March 2017.

None of the directors have waived any of the emoluments during the year ended 30 April 2018 and 2017.

(b) Directors' retirement benefits

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

(c) Directors' termination benefits

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

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

During the year ended 30 April 2018, the Company did not pay consideration to any third parties for making available directors' services (2017: 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 2018, 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 (2017: 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 (2017: Nil) other than those disclosed in Note 32.

Corporate Information

DIRECTORS

Executive Directors:

Ms. Ngai Lai Ha *(Chairman)*
Mr. Lau Pak Fai Peter *(Honorary 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. Lau Chun Wah Davy

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

COMPANY SECRETARY

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

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LEGAL ADVISER

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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