

# International Housewares Retail Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1373

## 日本城 JHC

# 30 YEARS ANNIVERSARY



# Annual Report 2021

# Corporate Profile

Established in 1991, the Group is the largest houseware retail chain in Hong Kong, Singapore and Macau<sup>(1)</sup>. It offers housewares, trend-based products, and personal care, snacks and household FMCG through an extensive retail network comprising 389 stores in Hong Kong, Singapore, Macau, East Malaysia, Cambodia, Australia and Vietnam under renowned brands including JHC (日本城), Japan Home (日本の家), 123 by ELLA, \$MART (多來買), City Life (生活提案), and Day Day Store (日記士多), as well as via the online platforms JHC eshop (日本城網購) and EasyBuy (易購點). Leveraging its extensive sourcing channels and portfolio of private label products, the Group provides a full range of items at competitive prices, creating a “one-stop” shopping experience for customers and paving the way for its transformation into convenience general merchandise stores (GMS).

## Mission Statement

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



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

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# 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 2021 (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 2020 (“2019/20”).

- The Group’s revenue increased by 5.9% to a historical high of HK\$2,692,460,000 <sup>(1)</sup> (2019/20: HK\$2,542,384,000) <sup>(2)</sup>.
- Profit attributable to owners of the Company increased by 68.9% to HK\$254,918,000 (2019/20: HK\$150,927,000), including an income of HK\$71 million under Employment Support Scheme by the Government of the Hong Kong SAR.
- All three markets of the Group, Hong Kong, Singapore and Macau continued to be operated in profit.
- The Board has resolved to recommend payment of the final dividend of HK11.0 cents per share and special dividend of HK4.2 cents per share to celebrate JHC’s 30th anniversary. Together with the interim dividend of HK9.0 cents per share already paid, the total dividend for the Year would be HK24.2 cents per share (2019/20: HK16.5 cents per share).

## 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:

	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000
<b>Financial performance</b>					
Revenue	2,692,460	2,542,384	2,350,351	2,230,102	2,111,001
Operating profit	305,003	199,144	138,520	120,644	96,638
Profit before income tax	287,698	182,319	143,495	122,757	97,246
Profit for the year	257,842	156,064	118,271	100,992	76,496
<b>Financial position</b>					
Cash and cash equivalents	428,459	362,737	369,703	386,013	403,753
Total assets	1,737,618	1,540,344	1,031,900	1,015,907	966,670
Total liabilities	(844,322)	(771,300)	(281,927)	(287,782)	(265,782)
Net assets	893,296	769,044	749,973	728,125	700,888
<b>Key ratios</b>					
Revenue growth	5.9%	8.2%	5.4%	5.6%	3.5%
Comparable store sales growth <sup>(3)</sup> in Hong Kong	4.4%	4.6%	4.8%	4.5%	3.0%

### Notes:

1. The outbreak of COVID-19 resulting in the closure of the Group’s Singapore stores from 7 April 2020 to 18 June 2020, representing a loss of 49 business days in this financial year.
2. Comparative figures for the financial year ended 30 April 2020 are shown as 2019/20 in brackets.
3. Comparable store sales growth represents a comparison between the store sales of those stores that were open throughout the years being compared.

# Awards and Recognition

Company has 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.



Healthy HK Living Award The best household and health care chain store brand		2020
Top 10 Quality E-shop		2020 2018
World's Most Popular and Excellent Brands Award		2018
Outstanding QTS Merchant - Bronze Award		2019 2017
Most Favourable Brand by Chinese Customers - Golden Brand		2017 - 2018 2008
Hong Kong Top Service Brand Award		2007 - 2021
Q-Mark		2006 - 2021
No Fakes Pledge		2006 - 2021
Caring Company 15 Years or more		2004 - 2021
Quality Tourism Services Association Member		2004 - 2021
Quality Tourism Services		2004 - 2021
WWF (HK) - Silver Member		2006 - 2017
Octopus Usage Growth Award - Other Retail		2015
Octopus Usage Award for New Retail Merchant		2014
Hong Kong Jun-zi Corporation Award (Retail)		2015 2013 2012
Corporate Award Golden Award Bronze Award		
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
Smiling 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

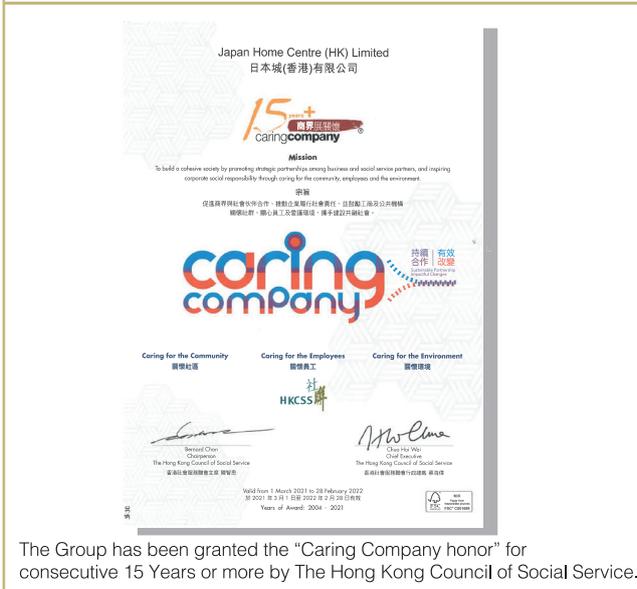


Donation boxes of various non – profit organizations including Hong Kong Seeing Eye Dog Services, Christian Action, Orbis and Heifer International (Hong Kong) are placed at specific retail stores.



The Group donated \$300,000 to the Community Chest of Hong Kong

The Group sponsored and participated in the Po Leung Kuk Charity Run.



The Group has been granted the "Caring Company honor" for consecutive 15 Years or more by The Hong Kong Council of Social Service.



The Group has sponsored for the "Care for the Elderly Charity Ticket" sales events.



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



## 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



## 2000

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

## 2006

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

Awarded "No Fakes Pledge"

## 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

## 2009

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

Endorsed The 5 Consecutive Years "Caring Company" award

## 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)"

# 2020

The first “DAY DAY STORE” was open

The Group's revenue and profit recorded new high

JHC Clean Health Production Limited was set up to produce own brand Smile 365 face masks



JHC developed towards convenienc GMS. We strengthened both online and offline platforms and our relationships with customers through digital channels and social media so as to provide better shopping experience to customers.

# 2018

Easy Buy was set up at shops as the electronic sales platform.



# 2015

JHC eshop was launched

Successfully acquired and integrated the brand “ELLA”



# 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



# 2021

Exceeded 1,000,000 members of J Fun



The Group became a strategic business shareholder of the Yoho Group

JHC joined foodpanda mall, in partnership to operate a one-stop living grocery platform

# 2019

Direct import of branded snacks, personal care and household FMCG. Set clear direction to develop as new GMS (general merchandise store) format.



# 2016

JHC Concept stores were opened

“123 by ELLA”, the new retail brand was launched

# 123... by ELLA

# 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



# Chairman's Statement

Dear Shareholders,

On behalf of International Housewares Retail Company Limited and its subsidiaries (together "the Group"), I am pleased to present the Group's annual results for the year ended 30 April 2021.

This is the year we celebrate our 30th anniversary. From our humble origin as a housewares store in North Point, we have expanded to over 380 stores operating in Hong Kong, Macau, and Singapore over the last 30 years, and more recently, we have transformed into an omni-channel retail chain of general merchandise stores (GMS), providing customers with a convenient OmO shopping experience.

## ENHANCING OUR OMNICHANNEL DEVELOPMENT

In our continued effort to create a superior seamless shopping experience for our customers, The Group launched a new ERP system in early 2021 and is currently executing a major revamp of the existing JHC eshop to merge our offline and online platforms, which will ensure a full integration of inventory records between our e-platform and physical stores.

The Group is also broadening its online presence by collaborating with foodpanda mall and YOHO, two leading e-commerce retailers in Hong Kong. We expect to expand upon future collaboration opportunities with third parties to foster development of our business and operation, aiming to give customers greater convenience and faster delivery of a wide range of products in 2021.

## BUILDING OUR PRODUCT PORTFOLIO

As part of the strategic growth initiative, the Group seeks to further drive sales and enhance gross margin through a greater assortment of FMCG categories and OEM products, and adding new categories, such as health & wellness and smart living products. We will continue to stay alert of the market trends and swiftly respond to our customers' needs and changing appetites as we have done in recent years.

In addition, we have begun repositioning "\$mart" stores into "Day Day" stores so as to offer a new upscale retail brand featuring specialty food and FMCG products. This development will contribute to the Group's expansion into food and personal care categories.

## DEVELOPING AND SOLIDIFYING OUR TEAM

The Group always regards employees as one of its core pillars. Our success is owed much to the loyalty and diligence of our employees and our well-established fast-paced working culture. Having the ability to seize and flexibly respond to new market trends, the Group focuses on recruiting new talent with specific skills in a variety of fields, such as e-marketing, IT infrastructure, new product sourcing and category development in line with market trends. Apart from skills, we also emphasize team building – bringing employees old and new together in pursuing a common goal and delivering job duties effectively.

In addition to the employee appreciation bonuses in March 2021, we continue to train and develop our team in order to better position them for future success. We believe that developing retail talent remains a strong competitive advantage in the market.

## APPRECIATION

On top of our continued drive to deliver strong results, we are also committed to contributing to the community. For our 30th anniversary, the Group donated more than HK\$300,000 to The Community Chest of Hong Kong, a local organization that seeks to improve local social welfare services.

Most importantly, I want to extend my gratitude to each of our more than 2,000 employees who work hard every day to serve our customers. We expect to face new challenges in 2021, but we believe the Group is well-prepared to steadfastly deliver value for our customers, employees and shareholders.

By order of the Board  
NGAI Lai Ha  
*Chairman and Chief Executive Officer*

Hong Kong, 29 July 2021

# Management Discussion and Analysis

## CORPORATE PROFILE

Established in 1991, the Group is the largest houseware retail chain in Hong Kong, Singapore and Macau<sup>(1)</sup>. It offers housewares, trend-based products, and personal care, snacks and household FMCG through an extensive retail network comprising 389 stores in Hong Kong, Singapore, Macau, East Malaysia, Cambodia, Australia and Vietnam under renowned brands including JHC (日本城), Japan Home (日本の家), 123 by ELLA, \$MART (多來買), City Life (生活提案), and Day Day Store (日記士多), as well as via the online platforms JHC eshop (日本城網購) and EasyBuy (易購點). Leveraging its extensive sourcing channels and portfolio of private label products, the Group provides a full range of items at competitive prices, creating a “one-stop” shopping experience for customers and paving the way for its transformation into convenience general merchandise stores (GMS).

## FINANCIAL PERFORMANCE

To capture additional market opportunities and enlarge its customer base, the Group continued to expand the variety of merchandise it offers by introducing new products to customers. In addition, driven by the growth in overall comparable store sales, the opening of new stores and the increase in foot traffic brought about by the new product categories mentioned above, the Group’s revenue rose by 5.9% to a historical high of HK\$2,692,460,000 (2019/20: HK\$2,542,384,000).

Profit attributable to owners of the Company increased by 68.9% to HK\$254,918,000 (2019/20: HK\$150,927,000), mainly due to the Group’s continuous monitoring of purchase prices and the logistics costs of its sourcing activities, and the prudent management of its operating expenses. Furthermore, each of the overseas markets had operated in a profit position, as well as the recognition of income approximately HK\$71 million under Employment Support Scheme by the Government of the Hong Kong SAR, adding momentum for the growth.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2021, the Group maintained a strong financial position with cash and cash equivalents of HK\$428,459,000 (30 April 2020: HK\$362,737,000). The majority of the Group’s cash and bank deposits were denominated in Hong Kong dollars, and were deposited with major banks in Hong Kong with maturities of less than three months. In order to overcome the challenges brought about by the pandemic, we continued to maintain a strong liquidity and cash flow position which is of paramount importance for our future development, particularly in these uncertain economic times.

The Group implements a stable treasury management policy and does not engage in any highly leveraged or speculative derivative products. It distributes the majority of its surplus cash as Hong Kong dollar bank deposits with appropriate maturity periods to meet future funding requirements. As at 30 April 2021, the Group’s current ratio was 1.5 (30 April 2020: 1.4). Total borrowings amounted to HK\$19,078,000 as at 30 April 2021 (30 April 2020: HK\$22,617,000). The Group was in a net cash position as at 30 April 2021 and its gearing ratio, as determined by total borrowings and loans from non-controlling shareholders divided by total equity, was 2.9% (30 April 2020: 3.3%).

*Note:*

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

# Management Discussion and Analysis *(Continued)*

## OPERATING EFFICIENCIES

Despite the challenging operating environment, the Group achieved satisfactory comparable store sales growth<sup>(1)</sup> in Hong Kong of 4.4% (2019/20: 4.6%) during the Year.

In our continued effort to create a superior seamless shopping experience for our customers, The Group launched a new ERP system in early 2021 and executed a major revamp of the existing JHCeshop to merge our offline and online platforms, which will ensure a full integration of inventory records between our e-platform and physical stores. In addition, with strong brand recognition and product popularity among customers, the Group has more flexibility in choosing new store sites, and it has, therefore, been able to control rental expenses within its operation to better meet the requirements for future business growth.

In addition, the Group provided comprehensive in-house training to employees at all levels in order to retain experienced employees and maintain a committed workforce. Aside from strengthening skills, we also redeployed employees to different stores from time to time with the aim of monitoring store man-hour expenses. As a result, the Group was able to maintain employee expenses at a stable level as a percentage of revenue for the Year.

With a well-recognized brand and products that are popular with customers, the Group has been able to achieve record revenue for the Year. Moreover, through the above-mentioned efforts and prudence exercised in managing expenses, the Group was able to reduce operating expenses as a percentage of revenue to 38.9% during the Year (2019/20: 39.5%).

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

For the Year Ended 30 April	2021		2020		Change (%)
	HK\$	(%) of revenue	HK\$	(%) of revenue	
Distribution and advertising expenses	67,512,000	2.5%	64,091,000	2.5%	5.3%
Administrative and other operating expenses	980,392,000	36.4%	941,809,000	37.0%	4.1%
Total operating expenses	1,047,904,000	38.9%	1,005,900,000	39.5%	4.2%

*Note:*

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

# Management Discussion and Analysis *(Continued)*

## DISTRIBUTION NETWORK

Established in 1991, the Group is the largest houseware retail chain in Hong Kong, Singapore and Macau<sup>(1)</sup>. It offers housewares, trend-based items, and personal care, snacks and household FMCG through an extensive retail network comprising 389 stores in Hong Kong, Singapore, Macau, East Malaysia, Cambodia, Australia and Vietnam under renowned brands including JHC (日本城), Japan Home (日本の家), 123 by ELLA, \$SMART (多來買), City Life (生活提案), Day Day Store (日記士多) as well as via the online platforms JHC eshop (日本城網購) and EasyBuy (易購點). Leveraging its extensive sourcing channels and portfolio of private label products, the Group provides a full range of items at competitive prices, creating a “one-stop” shopping experience for customers, and paving the way for its transformation into convenience general merchandise stores (GMS).

Regarding the store network development, the cumulative brand awareness that the Group has enjoyed over the past 30 years, its steadily growing extensive retail network and large global supplier network have all contributed, and will continue to contribute, to steady business development. With the HKSAR Government stepping up its efforts to increase housing supply, the Group will continue to look for suitable locations to open new stores, particularly in newly developed residential districts and housing estates. We believe these initiatives will enable us to further increase our share of the Hong Kong retail market and maintain the Group’s position as one of the largest houseware retail chains in the region.

The Group remains positive about its business prospects in the medium-to-long-term and plans to further expand its operations in Hong Kong, Singapore and Macau, with a focus on opening new stores in areas with high potential. The following table sets forth the number of its stores worldwide:

	As at 30 April 2021	As at 30 April 2020	Net increase/ (decrease)
The Group’s directly managed stores			
Hong Kong	322	312	10
Singapore	51	49	2
Macau	8	8	0
The Group’s overseas licensed stores	8	9	(1)
Total	389	378	11

*Note:*

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

## HUMAN RESOURCES

To ensure it is able to attract and retain staff capable of delivering an outstanding performance, the Group will review its remuneration packages regularly and qualified employees will receive performance bonuses, and be granted share options and share awards. In awarding annual discretionary bonuses 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 2021, the Group had approximately 2,391 employees (30 April 2020: 2,295) and total employee benefit expenses for the Year were HK\$396,933,000 (2019/20: HK\$372,157,000).

# Management Discussion and Analysis *(Continued)*

## OPERATIONAL REVIEW BY BUSINESS SEGMENT

The Group operates retail, wholesale and licensing and other businesses. Revenue from retail business for the Year climbed by 6.1% to a new record high and continued to be the primary sales driver of the Group. The increase was mainly due to a growth in comparable store sales, the opening of new stores and the increase of foot traffic. In order to capture additional market opportunities and enlarge its customer base, the Group continued to expand the variety of its merchandise by introducing new products based on current trends. These efforts resulted in retail revenue in the amount of HK\$2,677,789,000 (2019/20: HK\$2,524,699,000) (which included consignment sales commission income), accounting for 99.5% (2019/20: 99.3%) of the Group's total revenue.

Revenue from the wholesale business, licensing income and others as a whole amounted to HK\$14,671,000 (2019/20: HK\$17,685,000), representing a year-on-year decrease of 17.0%.

## OPERATIONAL REVIEW BY GEOGRAPHICAL LOCATION

### Operations Review – Hong Kong and Macau

It is imperative that the Group has in place a well-trained, adaptable and versatile workforce to maintain its market competitiveness and ensure its sustainability in order to seize any emerging opportunities, especially amid the ongoing economic adjustment of the retail environment in Hong Kong. In the meantime, the support of the Group's primary revenue driver through on-going e-platform enhancement, introducing new retail brands and enlarging product categories in the Hong Kong market, have added momentum for the growth. As a result, the revenue for the Year has continued to deliver growth. Revenue from Hong Kong for the Year surged to a new high, totaling HK\$2,386,352,000 (2019/20: HK\$2,239,162,000), representing an increase of 6.6%, while comparable store sales<sup>(1)</sup> managed a satisfactory 4.4% growth (2019/20: 4.6%). Hong Kong remained the Group's key market, accounting for 88.6% (2019/20: 88.1%) of its total revenue.

Taking in to account of the constant monitoring of purchase prices and the careful management of operating expenses, profit for the Year in the Hong Kong market was HK\$241,092,000 (2019/20: HK\$133,705,000), representing an increase of 80.3%, which included an income of HK\$71 million under Employment Support Scheme by the Government of the Hong Kong SAR.

During the Year, the Group's revenue from Macau increased by 6.7% to HK\$47,320,000 (2019/20: HK\$44,343,000) and achieved a profit-making position.

### Operations Review – Singapore

Despite the outbreak of COVID-19 resulting in the closure of the Group's Singapore stores from 7 April 2020 to 18 June 2020, representing a loss of 49 business days in this financial year, as well as the weak retail environment, the Group is pleased to note that its Singapore business achieved a profit. This shows that the Group is well positioned within the market, and its focus on providing a wide variety of products, alongside its constant assortment enrichment through the use of its sourcing arms in Hong Kong, Taiwan, Guangzhou and Yiwu and its cost-efficiency enhancements through the utilization of its warehouse facilities in China, have proved effective. Revenue for the Year, as expressed in Hong Kong dollars, was HK\$258,788,000 (2019/20: HK\$258,879,000).

The Group continues to develop, improve and expand the operation capacity of its supply chain and human capital according to business needs within the Singapore market in order to underpin its mission of sustainable development in the future. The Group plans to relocate a new warehouse in Singapore with the aim of using it as a central processing base for its merchandise to further enhance the accuracy and efficiency of its product distribution. Singapore remains a strategic market and the Group is therefore optimistic that it will enable continuous growth and profitability.

#### 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 2021.

## 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 HK9.0 cents (2019/20: interim dividend of HK5.5 cents) per ordinary share, representing a total payout of approximately HK\$64,533,000 was paid by the Company on 25 January 2021. The Board has resolved to recommend payment of the final dividend of HK11.0 cents per share and special dividend of HK4.2 cents per share to shareholders whose names appear on the register of members of the Company on Tuesday, 5 October 2021 which will be paid on or around Tuesday, 19 October 2021, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on Thursday, 23 September 2021. Taking into account of the interim dividend payment, the total dividend for the Year would amount to HK24.2 cents (2019/20: HK16.5 cents) per ordinary share, totaling approximately HK\$173,571,000 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 Thursday, 23 September 2021 will be closed from Thursday, 16 September 2021 to Thursday, 23 September 2021, 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, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 15 September 2021.

Subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on Thursday, 23 September 2021, 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 on Tuesday, 5 October 2021 and the register of members of the Company will be closed from Wednesday, 29 September 2021 to Tuesday, 5 October 2021, (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, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 28 September 2021.

In relation to the proposed special dividend, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on Thursday, 23 September 2021, the proposed special 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 on Tuesday, 5 October 2021 and the register of members of the Company will be closed from Wednesday, 29 September 2021 to Tuesday, 5 October 2021, (both days inclusive), during which no transfer of shares of the Company will be registered. In order to qualify for the proposed special 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, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 28 September 2021.

# Report of the Directors *(Continued)*

## **SUMMARY OF FINANCIAL INFORMATION**

A summary of the results and assets and liabilities of the Group for the five years ended 30 April 2017, 2018, 2019, 2020 and 2021 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 22 to the consolidated financial statements.

## **RESERVES**

Movements in reserves during the Year are set out in note 24 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 and Chief executive officer*)  
Mr. Lau Pak Fai Peter (*Honorary chairman*)  
Mr. Cheng Sing Yuk (*Chief financial officer*)

### **Non-executive Director:**

Mr. Lau Chun Wah Davy (Resigned on 29 September 2020)

### **Independent Non-executive Directors:**

Mr. Mang Wing Ming Rene  
Mr. Yee Boon Yip  
Mr. Yeung Yiu Keung

Pursuant to article 84(1) & (2) of the articles of association of the Company, Mr. Yee Boon Yip, Mr. Mang Wing Ming Rene and Mr. Yeung Yiu Keung shall retire from office by rotation at the forthcoming annual general meeting. Due to other business commitment, Mr. Yee Boon Yip will not offer himself for re-election. The other retiring Directors, being eligible, offer themselves for re-election. The Company is identifying suitable candidate(s) to fill the above vacancies. Announcement(s) will be made by the Company in this regard when appropriate.

## **DIRECTORS' SERVICE CONTRACTS**

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

## **DIRECTORS' REMUNERATION**

The emoluments payable to the Directors will be decided by the board of directors on the recommendation of the Remuneration Committee, having regard to the Directors' duties, responsibilities and performance and the results of the Group. Particulars of the Directors' emoluments disclosed pursuant to Appendix 16 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange are set out in note 36(a) to the consolidated financial statements.

# Report of the Directors *(Continued)*

## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

### Executive Directors

Ms. NGAI Lai Ha, aged 49

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 is currently the Chairman and Chief Executive Officer of the Company. 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, an Vice President 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 president of the Yau Tsim District, Scout Association of Hong Kong, and a vice chairman of the Women Affairs Committee of HKCPPCCMA. 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 and "GBA Outstanding Women Entrepreneur Award" co-hosted by Hong Kong Small and Medium Enterprises Association and Metro Broadcast Corporation Limited in 2019.

Mr. LAU Pak Fai Peter, aged 63

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 has guided the development and implementation of the business strategies, and has contributed significantly to the success of the Group throughout the years. He was among the first to introduce the "one price" store concept to Hong Kong, which established Japan Home Centre in a strong position in the Hong Kong housewares retail market. The Group continues to benefit from his years of experience and expertise in the housewares retail market. In 1998, the City Junior Chamber honoured Mr. Lau's leadership and vision by presenting him with the "Innovative Entrepreneur of the Year" award. He has also been a guest speaker at various business functions held by media groups and government organisations, including the Hong Kong Trade Development Council and Trade and Industry Department.

# Report of the Directors *(Continued)*

**Mr. CHENG Sing Yuk**, aged 62

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.

## **Independent non-executive Directors**

**Mr. MANG Wing Ming Rene**, aged 69

Mr. Mang was appointed as an independent non-executive Director, Chairman of the audit committee and a member of the nomination committee and remuneration committee of the Company with effect from 1 November 2014. He has subsequently 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 41 years of business experience in wholesale and retail sector in Hong Kong, Mainland China, Canada and Asian countries. Mr. Mang served as 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 was 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 operated 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 43

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 director at Moores Rowland in charge of assurance and financial risk management services. He is also 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 15 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 Fellow member of the Association of Chartered Certified Accountants from 2011.

# Report of the Directors *(Continued)*

## **Mr. Yeung Yiu Keung**, aged 58

Mr. Yeung 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 21 December 2018. Mr. Yeung previously was appointed as a non-executive director of the Company with effect from 18 April 2013, the date of incorporation of the Company and he was a member of the audit committee of the Company until his resignation on 26 September 2016.

Currently, Mr. Yeung is the Chairman of Jumbo Five (Shanghai) Holdings Limited – a franchisee of Five Guys Burgers and Fries in China. Mr. Yeung began his career at Price Waterhouse Hong Kong in 1986. He spent eight years with Price Waterhouse Hong Kong, Chicago and Los Angeles offices before his departure in 1994 as a tax manager. Mr. Yeung has over 20 years of experience in the consumer and retail industry. Between 1994 and 2007, he held various senior positions including the chief financial officer of PT Sarimelati Kencana, the franchisee of Pizza Hut in Indonesia. Pizza Hut Indonesia, the chief financial officer of Birdland Taiwan KFC and the managing director of Birdland (Hong Kong) Limited, a franchisee of Kentucky Fried Chicken for Hong Kong and Macau. He was the chief executive officer and principal operator of Birdland (Hong Kong) Limited until August 2007. Mr. Yeung was an independent non-executive director of China XiaoFeiYang Catering Chain Co., Ltd, from 2006 to 2007 and was the chief operating officer and an executive director of Little Sheep Group Limited from 2007 to 2009.

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

## **Senior Management**

### **Ms. Ho Ka Yan, Kathryn**, aged 54

*Deputy chief executive officer*

Kathryn is Deputy chief executive officer of the Group and she possesses more than 25 years of retail management experience in various sectors covering apparel, consumer electronics, personal and skin care, supermarkets and watches & accessories, with particularly intensive experience in buying and retail sales operations. She has been in management positions in various sizable chain stores, including Operations Director of Watsons the Chemist (HK & Macau), Business Development Director of ParknShop (China), VP, Optimisation of Sa Sa International Holdings Limited and Southeast Asia Director of City Chain. In addition, Kathryn had been a management consultant in PricewaterhouseCoopers Melbourne and Hong Kong offices, working on Strategic Planning and Process Improvement projects for retail clients.

Kathryn graduated from the Chinese University of Hong Kong with a Bachelor of Social Science degree and obtained a Master of Business Administration degree from Melbourne Business School in 2000.

### **Mr. NEO Sei Lin Christopher**, aged 51

*Chief development officer*

Mr. Neo is the chief development officer of the Group overseeing enterprise capital cooperation development projects, investor relations, franchise projects and the development of private label brands to expand more development opportunities. He was an independent non-executive director of the Company until his resignation on 1 May 2018. He has over two decades of experience managing business units in the consumer goods and beauty industries. Mr. Neo started his career in 1994 in brand management with Procter & Gamble. In 1995, Mr. Neo joined the L'Oréal Group in Singapore. In 2002, Mr. Neo was relocated to Hong Kong as general manager for the L'Oréal's Consumer Products division, where he defined a compelling image for the L'Oréal consumer brands within the competitive city landscape. In 2008, Mr. Neo was relocated to Malaysia, initially as general manager for the L'Oréal Consumer Products division and subsequently served as general manager for the L'Oréal Consumer Products division for both Malaysia and Singapore. In 2009, Mr. Neo was made country manager and managing director for L'Oréal Singapore and was overall responsible for the L'Oréal Group's business in Singapore. As the country manager, besides running the profit and loss and overseeing business strategies, he was also responsible for the development of corporate reputation, innovation, new distribution, business communications, and talent development. In addition, Mr. Neo also helped set up and supported L'Oréal's regional organisations based in Singapore. In 2016, Mr. Neo was appointed as executive director of South China Media Management Limited, responsible for overall management of the South China Media Group women's titles, leading organisational change and revamping the group's overall business. In 2017, Mr. Neo was appointed as CEO of VUS (Vietnam USA Society English Centers – a joint-partnership entity between private equity firm and Vietnamese founder). Based in Vietnam, his role was to implement business strategy which includes expansion, branding and new product development as well as overhaul the information technology organisation.

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

# Report of the Directors *(Continued)*

Mr. YUEN Ka Ho, aged 54  
Chief operating officer

Mr. Yuen is the chief operating officer of the Group overseeing the sales, marketing, sourcing, buying, 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 48  
Chief information officer

Mr. Wong is chief information officer of the Group and oversees the information technology system of the Group. Mr. Wong joined the Group in June 2005. In the recent years, he has been spearheading the development of the Group's E-platform in Hong Kong, China and Singapore. Mr. Wong has over 20 years of experience in information technology management and system development and support, covering information technology infrastructure library (ITIL), project management office (PMO), IT service management, software project management and IT strategy. Prior to joining the Group in June 2005, Mr. Wong worked in various segments including hospitality, food and beverage, fashion, beauty, household and retail. Mr. Wong obtained an executive master degree of advanced management from HEC Liege Management School, the University of Liege in 2019. Mr. Wong has been a Fellow of The professional Validation Centre of Hong Kong Business Sector since 2015.

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

As at 30 April 2021, 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 <i>(Note 3)</i>	Number of underlying shares of the Company – Share Award <i>(Note 5)</i>	Total interest <i>(Note 1)</i>	Approximate percentage of shareholding as at 30 April 2021*
Mr. LAU Pak Fai Peter	Interest in a controlled corporation	324,000,000 <i>(Note 2)</i>			346,320,000	47.92%
	Personal interest	21,645,000	675,000	–		
Ms. NGAI Lai Ha	Interest in a controlled corporation	324,000,000 <i>(Note 4)</i>			358,226,000	49.57%
	Personal interest	33,101,000	325,000	800,000		
Mr. CHENG Sing Yuk	Personal interest	1,019,000	627,500	404,000	2,050,500	0.28%
Mr. MANG Wing Ming Rene	Personal interest	396,000	–	28,000	424,000	0.06%

\* The percentage was calculated based on 722,649,000 shares in issue as at 30 April 2021

# Report of the Directors *(Continued)*

## 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 the shares in issue by the Company granted under the Share Award Scheme (as defined in the section headed "Share Award Schemes" of this report).

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 30 April 2021, 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 2021, 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 <i>(Note 1)</i>	Approximate percentage of shareholding as at 30 April 2021*
Hiluleka Limited	Beneficial owner	324,000,000 <i>(Note 2)</i>	44.84%
FMR LLC	Interest of corporation controlled by the substantial shareholder	57,711,470	7.99%
Webb David Michael	Beneficial owner/Interest of corporation controlled by the substantial shareholder	50,603,000	7.00%
483A Bay Street Holdings LP	Interest of corporation controlled by the substantial shareholder	36,098,170	5.00%

\* The percentage was calculated based on 722,649,000 shares in issue as at 30 April 2021.

## 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 "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures".

# Report of the Directors *(Continued)*

Save as disclosed above, as at 30 April 2021, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **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 69,210,000 shares, representing approximately 9.6% 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.

# Report of the Directors *(Continued)*

## DETAILS OF OPTIONS GRANTED BY THE COMPANY

As at 30 April 2021, options to subscribe for an aggregate of 3,725,000 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 <i>(Note 5)</i>			
				At 1 May 2020	Exercised during the Year	Forfeited during the Year	At 30 April 2021
<b>Directors</b>							
Mr. LAU Pak Fai Peter <i>(Note 1)</i>	28/02/2014	3.86	31/10/2014 to 27/02/2022 <i>(Note 2)</i>	325,000	-	-	325,000
	12/11/2014	1.93	31/10/2015 to 11/11/2022 <i>(Notes 3(i),(v) &amp;(vi))</i>	350,000	-	-	350,000
				675,000	-	-	675,000
Ms. NGAI Lai Ha <i>(Note 1)</i>	28/02/2014	3.86	31/10/2014 to 27/02/2022 <i>(Note 2)</i>	325,000	-	-	325,000
				325,000	-	-	325,000
Mr. CHENG Sing Yuk	28/02/2014	3.86	31/10/2014 to 27/02/2022 <i>(Note 2)</i>	187,500	-	-	187,500
	12/11/2014	1.93	31/10/2015 to 11/11/2022 <i>(Notes 3(ii),(v) &amp;(vi))</i>	220,000	-	-	220,000
	21/01/2016	1.08	31/10/2016 to 20/01/2024 <i>(Notes 4(ii),(v) &amp;(vi))</i>	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 <i>(Notes 3(iii),(v),(vi) &amp;(vii))</i>	100,000	(100,000)	-	-
				100,000	(100,000)	-	-
Sub-total				1,727,500	(100,000)	-	1,627,500
Employees – In aggregate	28/02/2014	3.86	31/10/2014 to 27/02/2022 <i>(Note 2)</i>	937,500	-	-	937,500
	12/11/2014	1.93	31/10/2015 to 11/11/2022 <i>(Notes 3(iv),(vi) &amp;(vii))</i>	1,460,000	(360,000)	-	1,100,000
	21/01/2016	1.08	31/10/2016 to 20/01/2024 <i>(Notes 4(iv),(vi) &amp;(vii))</i>	240,000	(180,000)	-	60,000
Sub-total				2,637,500	(540,000)	-	2,097,500
Total				4,365,000	(640,000)	-	3,725,000

### Notes:

- Mr. LAU Pak Fai Peter and Ms. NGAI Lai Ha are substantial shareholders of the Company.
- The options, granted on 28 February 2014, are exercisable from 31 October 2014 to 27 February 2022 (both days inclusive) in the following manner:
  - up to 33% of the total number of options granted under the Share Option Scheme commencing 31 October 2014;
  - up to 66% of the total number of options granted under the Share Option Scheme commencing 31 October 2015;
  - up to 100% of the total number of options granted under the Share Option Scheme commencing 31 October 2016;
  - 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
  - Closing price of the shares of the Company immediately before the date on which the options were granted was HK\$3.80 per share.

## Report of the Directors *(Continued)*

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.
  - (vii) The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised was HK\$2.51 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\$2.40 per share.
5. No option granted under the Share Option Scheme during the Year.

# Report of the Directors *(Continued)*

## PRE-IPO SHARE OPTION SCHEME

The Company adopted a pre-IPO share option scheme (the “Pre-IPO Share Option Scheme”) on 4 September 2013, details of which have been set out in the section headed “appendix IV statutory and general information” in the Company’s prospectus dated 12 September 2013.

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

Name and Category of participants	Exercise prices of share options HK\$ per share	Exercise periods of share options	Number of Shares options <i>(Note 1)</i>			
			At 1 May 2020	Exercised during the Year <i>(Note 2)</i>	Lapsed during the Year	At 30 April 2021
<b>Director</b>						
Mr. CHENG Sing Yuk	1.86	16/10/2013 – 15/10/2020	142,560	–	(142,560)	–
		16/10/2014 – 15/10/2020	142,560	–	(142,560)	–
		16/10/2015 – 15/10/2020	146,880	–	(146,880)	–
Sub-total			432,000	–	(432,000)	–
<b>Employees</b>						
In aggregate	1.86	16/10/2013 – 15/10/2020	178,200	(178,200)	–	–
		16/10/2014 – 15/10/2020	178,200	(178,200)	–	–
		16/10/2015 – 15/10/2020	597,600	(560,880)	(36,720)	–
Sub-total			954,000	(917,280)	(36,720)	–
Total			1,386,000	(917,280)	(468,720)	–

### Notes:

1. No option granted under the Pre-IPO Share Option Scheme during the Year.
2. The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised was HK\$2.44 per share.

## 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.

# Report of the Directors *(Continued)*

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 1,850,000 shares of the Company at a total consideration of about HK\$4 million during the Year. The following table discloses movements of the awarded shares of the Company held by the Company's Directors or employees during the Year:

Name and Category of participants	Date of grant	Vesting period	Number of awarded shares				
			Unvested as at 1 May 2020	Granted during the Year	Forfeited during the Year	Vested during the Year	Unvested as at 30 April 2021
<b>Directors</b>							
Ms. NGAI Lai Ha	21/12/2018	31/10/2021 to 31/10/2021	800,000	-	-	-	800,000
			800,000	-	-	-	800,000
Mr. CHENG Sing Yuk	04/10/2018	04/10/2019 to 04/10/2020	53,000	-	-	(53,000)	-
	21/12/2018	07/08/2020 to 31/10/2021	500,000	-	-	(250,000)	250,000
	23/12/2019	06/10/2020 to 06/10/2021	103,000	-	-	(52,000)	51,000
	20/10/2020	08/10/2021 to 08/10/2022	-	103,000	-	-	103,000
			656,000	103,000	-	(355,000)	404,000
Mr. MANG Wing Ming Rene	24/12/2019	06/10/2020 to 06/10/2020	28,000	-	-	(28,000)	-
	20/10/2020	08/10/2021 to 08/10/2021	-	28,000	-	-	28,000
			28,000	28,000	-	(28,000)	28,000
<b>Employees -</b>	04/10/2018	04/10/2019 to 04/10/2020	296,000	-	-	(296,000)	-
<b>In aggregate</b>	21/12/2018	07/08/2020 to 31/10/2021	5,760,000	-	-	(2,755,000)	3,005,000
	15/02/2019	07/08/2020 to 31/10/2021	150,000	-	-	(50,000)	100,000
	23/04/2019	07/08/2020 to 31/10/2021	500,000	-	-	(166,000)	334,000
	03/10/2019	06/10/2020 to 06/10/2021	739,000	-	-	(413,000)	326,000
	22/09/2020	31/10/2021 to 31/10/2022	-	130,000	-	-	130,000
	08/10/2020	08/10/2021 to 08/10/2022	-	759,000	-	-	759,000
			7,445,000	889,000	-	(3,680,000)	4,654,000
<b>Total</b>			8,929,000	1,020,000	-	(4,063,000)	5,866,000

## 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 2021 under the Listing Rules. Save as disclosed below, the related party transactions were set out in note 33 to the consolidated financial statements. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of these connected transactions. Details of these transactions were as follows:

### 1. First Batch Tenancy Framework Agreement

The Group has entered into tenancy agreements with certain companies wholly-owned by Ms. Ngai Lai Ha ("Ms. Ngai") to lease the premises in accordance with the respective terms of the relevant tenancy agreements (the "First Batch Tenancy Agreements"). In order to ensure that all tenancy transactions between (A) Ms. Ngai and/or her associates (as defined in the Listing Rules, which include companies directly or indirectly wholly-owned by Ms. Ngai) (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.

# Report of the Directors *(Continued)*

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 2021, a total of approximately HK\$37,409,000 was received/receivable pursuant to the First Batch Tenancy Framework Agreement.

As disclosed in the announcement of the Company dated 20 February 2019, 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 2020, 2021 and 2022 are HK\$38,000,000, HK\$40,000,000 and HK\$42,000,000 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.

## 2. Master Agreement with Radha Exports Pte. Ltd's group

As disclosed in the announcement of the Company dated 25 March 2020, on 14 October 2019, Radha Japan Pte. Ltd. (a company wholly-owned by the Gangaram Family) acquired 25% equity interest in Japan Home (Retail) Pte. Limited (a non-wholly owned subsidiary of the Company) from Japan Home Pte. Limited (a former shareholder of Japan Home (Retail) Pte. Limited), as a result of which, the Gangaram Family, by virtue of their interests in Radha Japan Pte. Ltd., became a substantial shareholder of Japan Home (Retail) Pte. Limited and thus a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. As Radha Exports Pte. Ltd. is wholly-owned by the Gangaram Family, Radha Exports Pte. Ltd. is an associate of the Gangaram Family and thus also a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

On 14 October 2019, the Company entered into the master agreement with Radha Exports Pte. Ltd. for a term commencing on 14 October 2019 and ending on 30 April 2022 in relation to the purchase of Products by members of the Group from members of Radha Exports Pte. Ltd.'s group (the "Master Agreement"). By virtue of Radha Exports Pte. Ltd.'s connected relationship with the Company, the transactions contemplated under the Master Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The original annual caps in respect of estimated aggregate amount purchased from members of Radha Exports Pte. Ltd.'s group under the Master Agreement for the financial year ended/ending 30 April 2020, 2021 and 2022 of HK\$80,000,000, HK\$170,000,000 and HK\$200,000,000 respectively have been revised to HK\$100,000,000, HK\$200,000,000 and HK\$250,000,000 respectively on 25 March 2020.

It is expected that the Master Agreement and the transactions contemplated thereunder will likely to enable the Group to obtain more favourable pricing compared with that generally offered by other suppliers. For the year ended 30 April 2021, a total of approximately HK\$57,239,000 purchased from members of Radha Exports Pte. Ltd.'s group under the Master Agreement.

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 independent non-executive Directors also consider that the relevant annual caps in respect of the Continuing Connected Transactions set out above are and will be fair and reasonable and in the interests of the Company and the shareholders as a whole.

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.

# Report of the Directors *(Continued)*

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

During the Year, under the share award scheme of the Company adopted by the Board on 24 July 2015 (the "Share Award Scheme"), the trustee of the Share Award Scheme, pursuant to the rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 1,850,000 shares of the Company at a total consideration of about HK\$4 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.

## **COMPLIANCE WITH LAWS AND REGULATIONS**

As far as the Directors of the Company are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group. The Company was not involved in any material litigation or arbitration and the Directors are also not aware of any material litigation or claims that are pending or threatened against the Group 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.

## **EVENTS AFTER THE REPORTING PERIOD**

Details are set out in the note 34 to the consolidated financial statements in this report. Save as disclosed above, the Company does not has any material subsequent events from the end of the Year and up to the date of this report.

## **EQUITY-LINKED AGREEMENTS**

Details of the share option schemes and share award scheme are set out in this report and notes 22 and 23 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 Chief Executive Officer*

Hong Kong, 29 July 2021

# Corporate Governance Report

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the “CG Code”) contained in Appendix 14 to the Listing Rules. The Directors recognise the importance of good corporate governance in the management of the Group. The Board will review and monitor the corporate governance practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company. The Board is of the view that the Company has met the code provisions set out in the CG Code, except that there is no separation of the roles of Chairman and Chief Executive Officer as stipulated in the code provision A.2.1 of the CG Code. Currently, Ms. Ngai Lai Ha is both the Chairman and the Chief Executive Officer of the Company. As Ms. Ngai is one of the founders of the Group, the Board believes that it is in the best interest of the Group to have Ms. Ngai taking up both roles for continuous effective management of the Board and business development of the Group.

## 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 2021.

## BOARD OF DIRECTORS

### Board Composition

Our Board of Directors currently consists of six Directors, comprising three 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 and Chief executive officer*)  
Mr. Lau Pak Fai Peter (*Honorary Chairman*)  
Mr. Cheng Sing Yuk (*Chief financial officer*)

### Non-executive Director:

Mr. Lau Chun Wah Davy (Resigned on 29 September 2020)

### Independent Non-executive Directors:

Mr. Mang Wing Ming Rene  
Mr. Yee Boon Yip  
Mr. Yeung Yiu Keung

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.

# Corporate Governance Report *(Continued)*

## BOARD MEETINGS AND DIRECTORS' ATTENDANCE

The Board held 4 meetings during the year ended 30 April 2021. 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	Meetings attended	Meetings eligible to attend
Ms. Ngai Lai Ha ( <i>Chairman</i> )	4	4
Mr. Lau Pak Fai Peter ( <i>Honorary Chairman</i> )	4	4
Mr. Cheng Sing Yuk	4	4
Mr. Lau Chun Wah Davy (Resigned on 29 September 2020)	1	1
Mr. Mang Wing Ming Rene	4	4
Mr. Yee Boon Yip	4	4
Mr. Yeung Yiu Keung	4	4

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

- (1) to develop and review the Company's policies and practices on corporate governance;
- (2) to review and monitor the training and continuous professional development of directors and the senior management;
- (3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (5) to review the Company's compliance with the code and disclosure in the Corporate Governance Report.

## DELEGATION BY THE BOARD

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

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

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

## CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

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

## CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

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

# Corporate Governance Report *(Continued)*

## 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 of 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 2021, 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	Meetings attended	Meetings eligible to attend
Mr. Mang Wing Ming Rene ( <i>Chairman</i> )	2	2
Mr. Lau Chun Wah Davy (Resigned on 29 September 2020)	1	1
Mr. Yee Boon Yip	2	2
Mr. Yeung Yiu Keung	2	2

# Corporate Governance Report *(Continued)*

## 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 2021, the Remuneration Committee held 1 meeting. 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. The table below shows each Director's attendance at meetings held while he or she was a member during the Year.

Members	Meetings attended	Meetings eligible to attend
Mr. Mang Wing Ming Rene ( <i>Chairman</i> )	1	1
Ms. Ngai Lai Ha	1	1
Mr. Lau Chun Wah Davy (Resigned on 29 September 2020)	1	1
Mr. Yee Boon Yip	1	1
Mr. Yeung Yiu Keung	1	1

# Corporate Governance Report *(Continued)*

Particulars of the Director's emoluments disclosed pursuant to Appendix 16 of the Listing Rules are set out in note 36(a) to the consolidated financial statement. The remuneration of the members of the senior management by band is set out below:

	Number of individuals 2021
Emolument bands	
HK\$1,500,000 to HK\$2,000,000	4
Total	4

### 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.

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.

# Corporate Governance Report *(Continued)*

## Nomination Procedures

- i. The Committee shall call a meeting of the Committee, and invite nominations of candidates from Board members if any, for consideration by the Committee prior to its meeting. The Committee may also put forward candidates who are not nominated by Board members.
- ii. For filling a casual vacancy or appointing an additional director to the Board, the Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election or re-election at a general meeting, the Committee shall make nominations to the Board for its consideration and recommendation.
- iii. Until the issue of the shareholder circular, the nominated persons shall not assume that they have been proposed by the Board to stand for election or re-election at the general meeting.
- iv. In order to provide information of the candidates appointed by the Board or nominated by the Board to stand for election or re-election at a general meeting, an announcement will be published or a circular will be sent to shareholders. The names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations, of the proposed candidates will be included in the announcement or circular to shareholders.
- v. A shareholder of the Company can propose a resolution to elect a person as a Director. Detailed procedures are set out in the section headed "Procedures for Shareholders to Propose a Person for Election as a Director" of this annual report.
- vi. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election or re-election at any general meeting.

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.

For the year ended 30 April 2021, the Nomination Committee held 1 meeting. The work performed by the Nomination Committee included but not limited to review of the existing structure, size and composition of the Board.

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

Members	Meetings attended	Meetings eligible to attend
Ms. Ngai Lai Ha ( <i>Chairman</i> )	1	1
Mr. Mang Wing Ming Rene	1	1
Mr. Lau Chun Wah Davy (Resigned on 29 September 2020)	1	1
Mr. Yee Boon Yip	1	1
Mr. Yeung Yiu Keung	1	1

# Corporate Governance Report *(Continued)*

## **DIVIDEND POLICY**

Under the Companies Law of Cayman Islands and the memorandum and articles of association of the Company, dividends may be paid out of the profits of the Company, or subject to solvency of the Company, out of sums standing to the credit of the share premium account of the Company. However, no dividend shall exceed the amount recommended by Directors.

Declaration and recommendation of payment of dividends of the Company is subject to the approval of the Directors, depending on results of operations, working capital, financial position, future prospects, and capital requirements, as well as any other factors which the Directors may consider relevant from time to time. Any future declaration, recommendation and payment of dividends of the Company may or may not reflect the historical declarations and payments of dividends and will be at the absolute discretion of the Directors. The Company does not have any predetermined dividend payout ratio.

## **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 2021 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 2021, the remunerations to external auditors of the Company were approximately HK\$2,511,000 and HK\$2,238,000 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 2021. 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 2021.

# Corporate Governance Report *(Continued)*

## **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.

### **Corporate Governance Report**

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 conducted 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 2021, 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 Mr. Lee Kun Yin as its Company Secretary. Mr. Lee is not an employee of the Group and Mr. Cheng Sing Yuk, the executive Director, is the person whom Mr. Lee can contact for the purpose of code provision F.1.1 of the CG Code. Mr. Lee undertook over 15 hours of professional training during the Year.

# Corporate Governance Report *(Continued)*

## 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.

### 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 2021, 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 Chairman of the Audit Committee and Chairman of the Remuneration Committee attended the annual general meeting of the Company on 23 September 2020 and were available to answer questions. All Directors of the Company at that time attended the annual general meeting, with the exception of Mr. Lau Pak Fai Peter. 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 operations, contributing approximately 88.6% 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.

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

## SUBJECT AREAS A. ENVIRONMENTAL

### **Aspect A1: Emissions**

The Group does not emit a large amount of air pollutants. The Group strives to reduce greenhouse gas emissions and has implemented various measures. For details of which these efforts please see "Use of Resources" below. The Group's greenhouse gas emissions can be classified into three scopes, and relevant activities and environmental KPIs are presented in the next three paragraphs.

"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 currently does not meaningfully capture the information in this report. Nevertheless, the Group undertakes regular reviews of fleet operations to optimise the efficiency of its logistics network, for example, reducing the number of miles driven and hours spent, so 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 (excluding electricity consumed in some retail stores in shopping malls where its discharge is controlled by the building management so the retrieval of the relevant data is not feasible). 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 2021, our greenhouse gas emissions intensity resulted from our daily operations in the Reporting Market was 3.3 tonnes of carbon dioxide equivalent per 1 million sales in Hong Kong dollars (2019/20: 4.5 tonnes). Greenhouse gas emissions data for the financial year ended 30 April 2021 is presented in carbon dioxide equivalent (in tonnes) and is computed with reference to the data published in 2020 sustainability reports of the Hong Kong Electric Company Ltd (In 2020, the GHG intensity of the electricity sold by Hong Kong Electric Company Ltd in Hong Kong reduced to 0.71kgCO<sub>2</sub>e/kWh, compared to 0.81kgCO<sub>2</sub>e/kWh in 2019.), and the China Light and Power Company Ltd (*In 2020, the GHG intensity of the electricity sold by China Light and Power Company Ltd in Hong Kong reduced to 0.37kgCO<sub>2</sub>e/kWh, compared to 0.50kgCO<sub>2</sub>e/kWh in 2019.*); 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 or, if possible, to replace overseas business trips with video and telephone conferences. These measures reduce exhaust gas and greenhouse gas emissions generated from planes. At the same time, 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 addition 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);

# Environmental, Social and Governance Report *(Continued)*

- 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 2021 and 2020:

Resources consumption	For the financial year ended 30 April 2021 <i>Unit</i>	For the financial year ended 30 April 2020 <i>Unit</i>
Electricity consumption	17,500,000 kWh	17,470,000 kWh
The number of plastic shopping bags consumed in the retail stores	1,729,000 pieces	1,549,000 pieces
The amount of paper used (excluding those of paper shopping bags and packaging material)	32 tonnes	33 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.

# Environmental, Social and Governance Report *(Continued)*

## ***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 prohibits 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.

# Environmental, Social and Governance Report *(Continued)*

## **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 "15 Years Plus Caring Company" logo to the Group in 2021. 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. The Group has also participated in Charter on External Lighting scheme which minimizes the light nuisance and energy wastage.

## **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 the 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 44 to 103, which comprise:

- the consolidated balance sheet as at 30 April 2021;
- 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 2021, 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 ("HKSA") 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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*PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong*  
*T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

# Independent Auditor's Report *(Continued)*



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## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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 identified in our audit is related to carrying value of inventories.

### Key Audit Matter

#### Carrying value of inventories

Refer to Note 4(d) Critical accounting estimates and judgements and Note 20 Inventories to the consolidated financial statements.

The Group held inventories of HK\$375 million as at 30 April 2021. When assessing the carrying value of inventories at each period end, the Group consistently applies a provisioning methodology for slow moving inventory based on inventory turnover by categories and makes specific write down for obsolete inventories. We focused on this area because the estimation of provision percentages applied to different inventory categories and the estimation of specific provision for obsolete inventories involved high-level of judgement based on historical experience of selling products of similar nature through various sales channels as well as expectation of future sales under current market condition. These estimations are also subject to uncertainty as a result of change of market trends, customer taste and competitor actions.

### How our audit addressed the Key Audit Matter

We examined the basis of the methodology with respect to inventory provision and evaluated, amongst others, the outcome of management's estimations in prior year, analysis and assessment made by management with respect to slow moving and obsolete inventory.

We evaluated the assumptions and estimates applied by management to determine the provision and write off by testing the accuracy of historical information involved, comparing with current year and historical sales trends of similar products and performing sensitivity analysis on changes of major assumptions of future sales, such as sales through rate and sales margin.

We performed an assessment of the inventory provision and the net realisable value using the subsequent sales of the inventories after year end and the provision and write off determined by management.

Based on the procedures described, we considered management's judgement and estimates, which formed the basis of the carrying value of inventories, were reasonable and acceptable.

# Independent Auditor's Report *(Continued)*



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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.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism 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.

# Independent Auditor's Report *(Continued)*



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

- 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, 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 Kong Ling Yin, Raymond.

PricewaterhouseCoopers  
*Certified Public Accountants*

Hong Kong, 29 July 2021

# Consolidated Income Statement

For the year ended 30 April 2021

	Note	Year ended 30 April	
		2021 HK\$'000	2020 HK\$'000
Revenue	5	2,692,460	2,542,384
Cost of sales	8	(1,475,949)	(1,358,223)
<b>Gross profit</b>		<b>1,216,511</b>	<b>1,184,161</b>
Other income	6	134,437	29,065
Other gains/(losses) – net	7	1,959	(8,182)
Distribution and advertising expenses	8	(67,512)	(64,091)
Administrative and other operating expenses	8	(980,392)	(941,809)
<b>Operating profit</b>		<b>305,003</b>	<b>199,144</b>
Finance income	10	2,914	5,138
Finance expenses	10	(20,219)	(21,963)
Finance expenses – net	10	(17,305)	(16,825)
<b>Profit before income tax</b>		<b>287,698</b>	<b>182,319</b>
Income tax expense	11	(29,856)	(26,255)
<b>Profit for the year</b>		<b>257,842</b>	<b>156,064</b>
<b>Profit attributable to:</b>			
Owners of the Company		254,918	150,927
Non-controlling interests		2,924	5,137
		257,842	156,064
<b>Earnings per share attributable to the owners of the Company</b>			
<b>for the year (expressed in HK cents per share)</b>			
Basic earnings per share	12	HK35.6 cents	HK21.1 cents
Diluted earnings per share	12	HK35.3 cents	HK21.0 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 2021

	Year ended 30 April	
	2021	2020
	HK\$'000	HK\$'000
Profit for the year	257,842	156,064
<b>Other comprehensive income/(loss)</b>		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	4,330	(2,175)
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<b>4,330</b>	<b>(2,175)</b>
<b>Total comprehensive income for the year</b>	<b>262,172</b>	<b>153,889</b>
<b>Attributable to:</b>		
Owners of the Company	259,040	148,245
Non-controlling interests	3,132	5,644
<b>Total comprehensive income for the year</b>	<b>262,172</b>	<b>153,889</b>

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

# Consolidated Balance Sheet

As at 30 April 2021

		As at 30 April	
	Note	2021 HK\$'000	2020 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	191,208	137,632
Right-of-use assets	15	508,605	476,943
Investment properties	16	40,567	34,176
Intangible assets	17	35,430	35,803
Deferred income tax assets	25	5,666	5,467
Prepayment and deposits	19	44,043	61,220
		825,519	751,241
<b>Current assets</b>			
Inventories	20	374,830	335,899
Trade and other receivables, prepayments and deposits	19	108,422	90,079
Bank deposits with initial terms of over three months	21	388	388
Cash and cash equivalents	21	428,459	362,737
		912,099	789,103
<b>Total assets</b>		<b>1,737,618</b>	<b>1,540,344</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the owners of the Company</b>			
Share capital and share premium	22	586,866	585,750
Reserves	24	299,610	179,606
		886,476	765,356
<b>Non-controlling interests</b>		<b>6,820</b>	<b>3,688</b>
<b>Total equity</b>		<b>893,296</b>	<b>769,044</b>

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

# Consolidated Balance Sheet *(Continued)*

As at 30 April 2021

		As at 30 April	
	Note	2021 HK\$'000	2020 HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities	25	865	584
Provision for reinstatement cost	26	4,021	3,224
Lease liabilities	15	221,718	210,130
		<b>226,604</b>	<b>213,938</b>
<b>Current liabilities</b>			
Trade and other payables	26	244,072	210,182
Contract liabilities	5, 26	7,166	5,343
Loans due to non-controlling shareholders of subsidiaries	33(e)	6,681	3,087
Borrowings	27	19,078	22,617
Lease liabilities	15	305,494	288,342
Current income tax liabilities		35,227	27,791
		<b>617,718</b>	<b>557,362</b>
<b>Total liabilities</b>		<b>844,322</b>	<b>771,300</b>
<b>Total equity and liabilities</b>		<b>1,737,618</b>	<b>1,540,344</b>

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

The financial statements on pages 44 to 103 were approved by the Board of Directors on 29 July 2021 and were signed on its behalf:

NGAI Lai Ha  
Director

LAU Pak Fai, Peter  
Director

# Consolidated Statement of Changes in Equity

For the year ended 30 April 2021

	Attributable to owners of the Company					Total equity HK\$'000
	Note	Share capital and share premium (Note 22) HK\$'000	Reserves (Note 24) HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	
Balance at 1 May 2020		585,750	179,606	765,356	3,688	769,044
<b>Comprehensive income:</b>						
Profit for the year		–	254,918	254,918	2,924	257,842
<b>Other comprehensive income:</b>						
Currency translation differences		–	4,122	4,122	208	4,330
<b>Total comprehensive income</b>		–	259,040	259,040	3,132	262,172
<b>Total contributions by and distributions to owners of the Company recognised directly in equity:</b>						
Purchase of own shares for share award scheme	23	–	(4,009)	(4,009)	–	(4,009)
Employee share option and share award scheme:						
– value of services provided	9	–	3,597	3,597	–	3,597
– exercise of options		2,789	–	2,789	–	2,789
– vesting of share awards		–	3,221	3,221	–	3,221
Dividend paid relating to 2020	32	–	(78,985)	(78,985)	–	(78,985)
Dividend paid relating to 2021	32	–	(64,533)	(64,533)	–	(64,533)
Cancellation of shares		(1,673)	1,673	–	–	–
<b>Total transaction with owners, recognised directly in equity</b>		1,116	(139,036)	(137,920)	–	(137,920)
<b>Balance at 30 April 2021</b>		586,866	299,610	886,476	6,820	893,296

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 2021

	Attributable to owners of the Company					Total equity HK\$'000
	Note	Share capital and share premium (Note 22)	Reserves (Note 24)	Total	Non- controlling interests	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 May 2019		585,123	165,298	750,421	(448)	749,973
Impact on initial application of HKFRS 16		–	(25,500)	(25,500)	(1,061)	(26,561)
Restated balance at 1 May 2019		585,123	139,798	724,921	(1,509)	723,412
<b>Comprehensive income:</b>						
Profit for the year		–	150,927	150,927	5,137	156,064
<b>Other comprehensive (loss)/income:</b>						
Currency translation differences		–	(2,682)	(2,682)	507	(2,175)
<b>Total comprehensive income</b>		–	148,245	148,245	5,644	153,889
<b>Total contributions by and distributions to owners of the Company recognised directly in equity:</b>						
Change in equity interests in a subsidiary without change of control	31	–	(3,034)	(3,034)	273	(2,761)
Purchase of own shares for share award scheme	23	–	(3,339)	(3,339)	–	(3,339)
Employee share option and share award scheme:						
– value of services provided	9	–	3,175	3,175	–	3,175
– exercise of options		627	–	627	–	627
Dividend paid to non-controlling shareholders		–	–	–	(720)	(720)
Dividend paid relating to 2019	32	–	(64,256)	(64,256)	–	(64,256)
Dividend paid relating to 2020	32	–	(39,310)	(39,310)	–	(39,310)
Buy back of shares		–	(1,673)	(1,673)	–	(1,673)
<b>Total transaction with owners, recognised directly in equity</b>		627	(108,437)	(107,810)	(447)	(108,257)
Balance at 30 April 2020		585,750	179,606	765,356	3,688	769,044

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 2021

	Note	Year ended 30 April	
		2021 HK\$'000	2020 HK\$'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	28(a)	646,140	554,569
Income tax paid		(22,368)	(21,550)
Net cash generated from operating activities		623,772	533,019
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(81,835)	(30,515)
Purchase of investment properties		–	(1,830)
Purchase of intangible assets		(2,205)	(3,816)
Prepayment for purchase of property, plant and equipment		–	(920)
Proceeds from disposal of property, plant and equipment	28(b)	202	140
Interest received		2,914	5,138
Increase in bank deposits with initial terms of over three months		–	4
Net cash used in investing activities		(80,924)	(31,799)
<b>Cash flows from financing activities</b>			
Repayments of lease liabilities	28(c)	(336,918)	(380,611)
Proceeds from exercise of share options		2,789	627
Proceeds from vesting of share awards		3,221	–
Repurchase of ordinary shares for cancellation		–	(1,673)
Purchase of own shares for share award schemes		(4,009)	(3,339)
Repayment of trust receipt loans	28(c)	(3,539)	(16,598)
Consideration from loans due to non-controlling shareholders	28(c)	3,419	1,900
Interest paid		(435)	(685)
Dividend paid to non-controlling shareholders		–	(720)
Consideration paid for increase in equity interests in subsidiaries without change of control	32	–	(2,761)
Dividend paid		(143,518)	(103,566)
Net cash used in financing activities		(478,990)	(507,426)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>63,858</b>	<b>(6,206)</b>
Cash and cash equivalents at beginning of the year		362,737	369,703
Exchange differences on cash and cash equivalents		1,864	(760)
<b>Cash and cash equivalents at end of the year</b>	21	<b>428,459</b>	<b>362,737</b>

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 Ms. Ngai Lai Ha and Mr. Lau Pak Fai, Peter.

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 29 July 2021.

## 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 2020.

HKAS 1 and HKAS 8 (Amendments)	Definition of Material
HKAS 39, HKFRS 7 and HKFRS 9 (Amendments)	Interest Rate Benchmark Reform – Phase 1
HKFRS 3 (Amendments)	Definition of a Business
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The Group has early adopted HKFRS 16 (Amendments) “Covid-19-Related Rent Concessions” retrospectively from 1 May 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; b) any reduction in lease payments affects only payments due on or before 30 June 2022; and c) there is no substantive change to other terms and conditions of the lease.

# Notes to the Consolidated Financial Statements *(Continued)*

## 2 Summary of significant accounting policies *(Continued)*

### 2.1 Basis of preparation *(Continued)*

#### (i) *New and amended standards adopted by the Group (Continued)*

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. Rent concessions approximately HK\$35,358,000 have been accounted for as negative variable lease payments and recognised in other income in the consolidated statement of comprehensive income for the year ended 30 April 2021 (Note 6), with a corresponding adjustment to the lease liabilities. There is no impact on the opening balance of equity at 1 May 2020.

A number of new or amended standards became applicable for the current reporting period. Except for the HKFRS 16 (Amendments) set out above, the Group did not change its accounting policies or make retrospective adjustments as a result of adopting these standards.

#### (ii) *New and amended standards and interpretations not yet adopted*

The following new and amended standards and interpretations that are not effective for periods commencing on or after 1 May 2020 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2	1 January 2021
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
HKAS 16 (Amendments)	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvement Project	Annual Improvements to HKFRSs Cycle 2018 to 2020	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HK Interpretation 5 (2020)	Presentation of Financial Statement – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in process of making an assessment of the impact of these new and amended standards and interpretations upon initial application, and has concluded on a preliminary basis that the adoption of these new and amended standards and interpretations is not expected to have a significant impact on the Group's results of operations or financial position.

# Notes to the Consolidated Financial Statements *(Continued)*

## 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.

# Notes to the Consolidated Financial Statements *(Continued)*

## 2 Summary of significant accounting policies *(Continued)*

### 2.2 Subsidiaries *(Continued)*

#### 2.2.1 Consolidation *(Continued)*

##### *(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.

### 2.4 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.

# Notes to the Consolidated Financial Statements *(Continued)*

## 2 Summary of significant accounting policies *(Continued)*

### 2.4 Foreign currency translation *(Continued)*

#### *(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 – 50 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 $\frac{1}{3}$ 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 income statement.

# Notes to the Consolidated Financial Statements *(Continued)*

## 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 gains/(losses) – 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.

#### (iii) Computer software

Costs associated with maintaining computer software are recognised as an expense as incurred. Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Amortisation is calculated using the straight-line method to allocate the cost of computer software over their estimated useful life of 3 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.

# Notes to the Consolidated Financial Statements *(Continued)*

## 2 Summary of significant accounting policies *(Continued)*

### 2.9 Inventories

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

### 2.10 Investments and other financial assets

#### 2.10.1 Classification

The Group classifies its financial assets and liabilities to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and liabilities and the contractual terms of the cash flows. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### 2.10.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### 2.10.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

#### 2.10.4 Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1(b) for further details.

### 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 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. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 19 for further information about the Group's accounting for trade receivables and Note 3.1 for a description of the Group's impairment policies.

# Notes to the Consolidated Financial Statements *(Continued)*

## 2 Summary of significant accounting policies *(Continued)*

### 2.13 Cash and cash equivalents

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

### 2.14 Share capital

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

### 2.15 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other 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 and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.16 Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss 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 prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

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

### 2.17 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attribute to temporary differences and to unused tax losses.

#### (a) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's 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 and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

# Notes to the Consolidated Financial Statements *(Continued)*

## 2 Summary of significant accounting policies *(Continued)*

### 2.17 Current and deferred income tax *(Continued)*

#### *(b) Deferred income tax*

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.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, 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.

### 2.18 Employee benefits

#### *(a) Employee leave entitlements*

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

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

#### *(b) Bonus plans*

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

#### *(c) Pension obligations*

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

# Notes to the Consolidated Financial Statements *(Continued)*

## 2 Summary of significant accounting policies *(Continued)*

### 2.18 Employee benefits *(Continued)*

#### *(d) Termination benefits*

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

### 2.19 Share-based payments

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

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

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

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

# Notes to the Consolidated Financial Statements *(Continued)*

## 2 Summary of significant accounting policies *(Continued)*

### 2.20 Provisions

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

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

### 2.21 Revenue recognition

#### (i) *Sale of goods – wholesale*

Wholesale sales of goods are recognised when control of the products has transferred, being when the Group has delivered products to the wholesaler, collectability of the related receivables is reasonably assured, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped.

#### (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) *Sale of goods – customer loyalty programme*

The Group operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discount on future purchases. Revenue from the award points is recognised when the points are redeemed or when they expire.

Contract liabilities are recognised until the points are redeemed or expire.

#### (iv) *Licencing fees*

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

#### (v) *Consignment sales commission*

Consignment sales commission is recognised in the accounting period in which the relevant services are rendered.

### 2.22 Leases

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

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

# Notes to the Consolidated Financial Statements *(Continued)*

## 2 Summary of significant accounting policies *(Continued)*

### 2.22 Leases *(Continued)*

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

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

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

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- makes adjustments specific to the lease, eg term, country, currency and security.

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

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

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

Lease income from operating leases where the Group is a lessor is recognised within "other income" on a straight-line basis over the lease term (Note 6). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

### 2.23 Dividend distribution

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

# Notes to the Consolidated Financial Statements *(Continued)*

## 2 Summary of significant accounting policies *(Continued)*

### 2.24 Contingent liabilities

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

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

### 2.25 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. Such financial guarantees are given by certain subsidiaries to banks on behalf of fellow subsidiaries to secure loans, overdrafts and other banking facilities. The liability is initially measured at fair value and subsequently at the higher of

- the amount determined in accordance with the expected credit loss model under HKFRS 9 'Financial Instruments' and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 'Revenue from Contracts with Customers'.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

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

### 2.26 Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the consolidated income statement.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see note 10 below.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

### 2.27 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

# Notes to the Consolidated Financial Statements *(Continued)*

## 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 2021, 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\$517,000 (2020: HK\$46,000) lower/higher and HK\$140,000 (2020: HK\$373,000) 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 receivable, 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.

#### (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.

# Notes to the Consolidated Financial Statements *(Continued)*

## 3 Financial risk management *(Continued)*

### 3.1 Financial risk factors *(Continued)*

#### *(b) Credit risk (Continued)*

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

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

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

The Group has two types of financial assets that are subject to the expected credit loss model:

- trade receivables, and
- other financial assets at amortised costs.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the impact of impairment loss was immaterial.

#### *Trade receivables*

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The Group maintains frequent communications with the counterparties and monitors closely the credit qualities and the collectability of these receivables. The Group reviews the recoverable amount of each individual trade receivables to ensure that adequate impairment loss is made for irrecoverable amounts.

Based on assessment by the management, majority of the trade receivables were settled shortly when they are due, hence, the Group considers the expected credit loss is immaterial.

For trade receivables relating to accounts in which there are objective evidence that the debtor faces significant financial difficulties or enter liquidation, they are assessed individually for impairment allowance. Accordingly, specific loss allowance of HK\$2,463,000 was made as at 30 April 2020. During the year ended 30 April 2021, the specific loss allowance was written off.

#### *Other financial assets at amortised costs*

For other financial assets at amortised costs, the Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

Management makes periodic collective assessments as well as individual assessment on the recoverability of the balances based on historical settlement records, past experience and forward-looking information.

# Notes to the Consolidated Financial Statements *(Continued)*

## 3 Financial risk management *(Continued)*

### 3.1 Financial risk factors *(Continued)*

#### (b) Credit risk *(Continued)*

##### *Other financial assets at amortised costs (Continued)*

To assess whether there is a significant increase in credit risk, the Group compares the risk of default as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtors' ability to meet its obligations
- actual or expected significant changes in the operating results of debtors
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the expected performance and behaviour of debtors, including changes in the payment status of the debtor in the Group and changes in the operating results of the debtor

#### (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
<b>At 30 April 2021</b>				
Trust receipt loans subject to a repayment on demand clause	19,078	–	–	19,078
Trade and other payables	–	233,688	–	233,688
Lease liabilities	–	318,276	266,950	585,226
Loans due to non-controlling shareholders of subsidiaries	–	6,751	–	6,751
	19,078	558,715	266,950	844,743
<b>At 30 April 2020</b>				
Trust receipt loans subject to a repayment on demand clause	22,617	–	–	22,617
Trade and other payables	–	200,917	–	200,917
Lease liabilities	–	301,676	221,998	523,674
Loans due to non-controlling shareholders of subsidiaries	–	3,146	–	3,146
	22,617	505,739	221,998	750,354

# Notes to the Consolidated Financial Statements *(Continued)*

## 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 2021 and 2020 were as follows:

	As at 30 April	
	2021	2020
	HK\$'000	HK\$'000
Total borrowings and loans from non-controlling shareholders	25,759	25,704
Total equity	893,296	769,044
Gearing ratio	2.88%	3.3%

### 3.3 Fair value estimation

The carrying amounts of the Group's financial assets including trade and other receivables, amounts due from shareholders, 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 values of investment properties that are not traded in an active market are determined by using valuation techniques.

The disclosure of the investment properties that are measured at fair value is set out in Note 16.

The method by which the fair values of investment properties 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.

## 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

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

# Notes to the Consolidated Financial Statements *(Continued)*

## 4 Critical accounting estimates and judgements *(Continued)*

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

The Group 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 an independent professional valuer 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 Note 16.

### (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.

# Notes to the Consolidated Financial Statements *(Continued)*

## 4 Critical accounting estimates and judgements *(Continued)*

### (h) Lease term and discount rate

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

The following factors are normally the most relevant:

- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

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

## 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 have determined the operating segments based on these reports.

Prior to 1 May 2020, the Group had three operating segments, namely (i) Retail; (ii) Wholesales and (iii) Licencing and others.

For the year ended 30 April 2021, the executive directors reassessed the performance of the operating segments based on the nature of the Group's business and determined that the Group has the following reportable operating segments:

(i) Retail – Hong Kong and Macau\*

Retail – Singapore\*

(ii) Wholesales, licencing and others

The impact of the abovementioned change in the Group's reportable operating segments for the year ended 30 April 2020 is considered retrospectively and the Group's operating segment information is restated as if the Group had been operating as two operating segments in that period.

The executive directors assess the performance of the operating segments based on revenue and gross profit percentage of each segment.

\* Including consignment sales commission income.

# Notes to the Consolidated Financial Statements *(Continued)*

## 5 Segment information *(Continued)*

The segment information provided to the executive directors for the reportable segments for the year ended 30 April 2021 is as follows:

	Retail		Wholesales, licencing and others	Total
	Hong Kong and Macau	Singapore		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue (all from external customers)	2,419,001	258,788	14,671	2,692,460
Cost of sales	(1,310,201)	(155,874)	(9,874)	(1,475,949)
Segment results	1,108,800	102,914	4,797	1,216,511
Gross profit %**	45.84%	39.77%	32.70%	45.18%
Other income				134,437
Other gains – net				1,959
Distribution and advertising expenses				(67,512)
Administrative and other operating expenses				(980,392)
<b>Operating profit</b>				<b>305,003</b>
Finance income				2,914
Finance expenses				(20,219)
<b>Profit before income tax</b>				<b>287,698</b>
Income tax expense				(29,856)
<b>Profit for the year</b>				<b>257,842</b>

The segment information provided to the executive directors for the reportable segments for the year ended 30 April 2020 is as follows:

	Retail		Wholesales, licencing and others (Restated)	Total
	Hong Kong and Macau	Singapore		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue (all from external customers)	2,265,820	258,879	17,685	2,542,384
Cost of sales	(1,206,606)	(140,438)	(11,179)	(1,358,223)
Segment results	1,059,214	118,441	6,506	1,184,161
Gross profit %**	46.75%	45.75%	36.79%	46.58%
Other income				29,065
Other losses – net				(8,182)
Distribution and advertising expenses				(64,091)
Administrative and other operating expenses				(941,809)
<b>Operating profit</b>				<b>199,144</b>
Finance income				5,138
Finance expenses				(21,963)
<b>Profit before income tax</b>				<b>182,319</b>
Income tax expense				(26,255)
<b>Profit for the year</b>				<b>156,064</b>

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

# Notes to the Consolidated Financial Statements *(Continued)*

## 5 Segment information *(Continued)*

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the years ended 30 April 2021 and 2020. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Revenues include sales of goods of HK\$2,680,223,000 (2020: HK\$2,531,726,000), revenue arising from customer loyalty programme of HK\$10,437,000 (2020: HK\$9,143,000) and consignment sales commission of HK\$1,800,000 (2020: HK\$1,515,000).

The revenue from the Group's largest customer accounted for less than 10% of the Group's total revenue for each of the years ended 30 April 2021 and 2020.

All of the Group's revenues are recognised at a point in time for the years ended 30 April 2021 and 2020.

Contract liabilities represents advanced payments received from customers for goods that have not been transferred to the customers and cash coupons and provision for customer loyalty programs. During the year ended 30 April 2021 and 2020, all brought-forward contract liabilities at the beginning of the financial year were fully recognised as revenue.

The following tables present segment assets and liabilities as at 30 April 2021 and 30 April 2020 respectively.

	As at 30 April 2021			
	Retail		Wholesales, licencing and others	Total
	Hong Kong and Macau HK\$'000	Singapore HK\$'000		
Segment assets	1,087,010	169,586	5,942	1,262,538
Segment liabilities	688,424	105,878	7,247	801,549

	As at 30 April 2020			
	Retail		Wholesales, licencing and others (Restated)	Total
	Hong Kong and Macau HK\$'000	Singapore HK\$'000		
Segment assets	976,615	155,610	4,431	1,136,656
Segment liabilities	636,931	96,526	6,381	739,838

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

# Notes to the Consolidated Financial Statements *(Continued)*

## 5 Segment information *(Continued)*

The following tables present segment assets and liabilities as at 30 April 2021 and 30 April 2020 respectively.

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

	As at 30 April	
	2021	2020
	HK\$'000	HK\$'000
Segment assets	1,262,538	1,136,656
Investment properties	40,567	34,176
Prepayment for purchase of property, plant and equipment	–	920
Deferred income tax assets	5,666	5,467
Bank deposits with initial terms of over three months	388	388
Cash and cash equivalents	428,459	362,737
<b>Total assets</b>	<b>1,737,618</b>	<b>1,540,344</b>

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

	As at 30 April	
	2021	2020
	HK\$'000	HK\$'000
Segment liabilities	801,549	739,838
Deferred income tax liabilities	865	584
Loans due to a non-controlling shareholder of a subsidiary	6,681	3,087
Current income tax liabilities	35,227	27,791
<b>Total liabilities</b>	<b>844,322</b>	<b>771,300</b>

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

	Year ended 30 April	
	2021	2020
	HK\$'000	HK\$'000
Hong Kong	2,386,352	2,239,162
Singapore	258,788	258,879
Macau	47,320	44,343
	<b>2,692,460</b>	<b>2,542,384</b>

The total of non-current assets, other than intangible assets and deferred income tax assets of the Group as at 30 April 2021 and 2020 are as follows:

	Year ended 30 April	
	2021	2020
	HK\$'000	HK\$'000
Hong Kong	583,387	574,737
Mainland China	51,458	44,871
Singapore	93,907	80,671
Macau	55,671	9,692
	<b>784,423</b>	<b>709,971</b>

These assets are allocated based on the operations of the segment and the physical location of the assets.

# Notes to the Consolidated Financial Statements *(Continued)*

## 6 Other income

	Year ended 30 April	
	2021	2020
	HK\$'000	HK\$'000
Advertising and promotion income	10,371	12,786
Sub-leasing rental income	230	833
Government grants (Note)	87,647	6,447
Rent concession (include Hong Kong and Singapore)	35,358	4,216
Sundry income	831	4,783
	<b>134,437</b>	<b>29,065</b>

Note:

These primarily represented government subsidies in relation to the COVID-19 pandemic which included subsidies of HK\$70,999,000 under the Employment Support Scheme (2020: Nil) of the Government of the Hong Kong Special Administrative Region and other subsidies of HK\$9,029,000 (2020: HK\$2,065,000) granted under the Job Support Scheme of the Government of Singapore.

## 7 Other gains/(losses) – net

	Year ended 30 April	
	2021	2020
	HK\$'000	HK\$'000
Fair value gain/(loss) on investment properties (Note 16)	3,080	(3,990)
Loss on disposal of property, plant and equipment, net (Note 28(b))	(1,291)	(4,192)
Gain on lease modification	170	–
	<b>1,959</b>	<b>(8,182)</b>

## 8 Expenses by nature

	Year ended 30 April	
	2021	2020
	HK\$'000	HK\$'000
Auditors' remuneration		
– Audit services	2,511	2,505
– Non-audit services	2,238	398
Air conditioning expenses	10,277	10,178
Advertising and promotion expenses	7,540	8,912
Amortisation of intangible assets (Note 17)	3,633	2,761
Building management fees	43,900	46,402
Cost of inventories sold (Note 20)	1,473,611	1,355,329
Write-downs of inventories (Note 20)	2,338	2,894
Delivery charges	58,883	53,765
Depreciation of owned property, plant and equipment (Note 14)	30,335	31,045
Depreciation of right-of-use assets (Note 15)	350,086	357,616
Employee benefit expenses (including directors' emoluments) (Note 9)	396,933	372,157
Government rates	10,294	12,735
Legal and professional fee	3,154	2,927
Short-term lease expense (Note 15)	49,435	22,605
Repair and maintenance	13,254	13,799
Utility expenses	16,811	22,806
Net exchange losses/(gains)	3,872	(1,433)
Others	44,748	46,722
Total cost of sales, distribution and advertising expenses, and administrative and other operating expenses	<b>2,523,853</b>	<b>2,364,123</b>

# Notes to the Consolidated Financial Statements *(Continued)*

## 9 Employee benefit expenses

	Year ended 30 April	
	2021	2020
	HK\$'000	HK\$'000
Salaries and bonuses	369,872	345,428
Pension costs – defined contribution plans	21,158	20,085
Other employee benefits	2,306	3,469
Share-based compensation	3,597	3,175
	<b>396,933</b>	<b>372,157</b>

### (a) Pension costs – defined contribution plans

Contributions to the provident fund by the Group for its employees are fully and immediately vested in the employees once the contributions are made. There are no contributions forfeited by the Group on behalf of its employees who leave the plan prior to vesting fully in such contribution. Hence, there is no forfeited contributions which may be used by the Group to reduce the existing level of contributions.

### (b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2020: two) directors whose emoluments are reflected in the analysis presented in Note 36. The emoluments payable to the remaining three (2020: three) individuals during the year are as follows:

	Year ended 30 April	
	2021	2020
	HK\$'000	HK\$'000
Salaries and bonuses	4,623	4,651
Pension costs – defined contribution plans	54	54
	<b>4,677</b>	<b>4,705</b>

The emoluments fell within the following bands:

Emolument bands	Number of individuals	
	Year ended 30 April	
	2021	2020
HK\$1,000,001 – HK\$1,500,000	1	1
HK\$1,500,001 – HK\$2,000,000	2	2
	<b>3</b>	<b>3</b>

- (c) During the year ended 30 April 2021, 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 (2020: Nil).

# Notes to the Consolidated Financial Statements *(Continued)*

## 10 Finance income and expenses

	Year ended 30 April	
	2021 HK\$'000	2020 HK\$'000
<b>Finance income:</b>		
Interest income on short-term bank deposits	2,914	5,138
<b>Finance expenses:</b>		
– Trust receipt loans and bank overdrafts	(434)	(685)
– Loans due to non-controlling shareholders of subsidiaries	(175)	(51)
– Interest on lease liabilities (Note 15)	(19,610)	(21,227)
	(20,219)	(21,963)
<b>Finance expenses – net</b>	<b>(17,305)</b>	<b>(16,825)</b>

## 11 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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	
	2021 HK\$'000	2020 HK\$'000
<b>Current income tax</b>		
– Hong Kong profits tax	30,007	25,425
– Overseas taxation	633	799
	30,640	26,224
<b>Over provision in prior years</b>		
– Hong Kong profits tax	(835)	(194)
– Overseas taxation	(4)	(105)
– Deferred income tax (Note 25)	(415)	–
	(1,254)	(299)
<b>Deferred income tax (Note 25)</b>	<b>470</b>	<b>330</b>
	29,856	26,255

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	
	2021 HK\$'000	2020 HK\$'000
<b>Profit before income tax</b>	<b>287,698</b>	<b>182,319</b>
<b>Tax calculated at domestic tax rates applicable to profits in the respective countries</b>	<b>47,378</b>	<b>29,507</b>
<b>Tax effects of:</b>		
– Income not subject to tax	(17,616)	(888)
– Expenses not deductible for tax purposes	1,347	2,281
– Tax losses for which no deferred income tax asset was recognised	2,401	356
– Utilisation of tax losses previously not recognised	–	(4,492)
– Utilisation of temporary difference previously not recognised	(1,824)	(103)
– Others	(411)	59
<b>Over provisions in prior years</b>	<b>(1,254)</b>	<b>(300)</b>
<b>Tax concession (Note)</b>	<b>(165)</b>	<b>(165)</b>
<b>Income tax expense</b>	<b>29,856</b>	<b>26,255</b>

The weighted average applicable tax rate was 16.5% (2020: 16.5%).

# Notes to the Consolidated Financial Statements *(Continued)*

## 11 Income tax expense *(Continued)*

Note:

Pursuant to the enactment of two-tiered profit tax rates by the Inland Revenue Department of Hong Kong ("IRD") from the year of assessment 2020/21 onwards, the Group's first HK\$2 million of assessable profits under Hong Kong profits tax is subject to tax rate of 8.25%. The Group's remaining assessable profits above HK\$2 million will continue to be subject to a tax rate of 16.5%.

## 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	
	2021	2020
Profit attributable to owners of the Company (HK\$'000)	254,918	150,927
Weighted average number of ordinary shares in issue (in thousands) (Note (i))	715,878	714,404
Basic earnings per share attributable to owners of the Company (HK cents per share)	35.6	21.1

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	
	2021	2020
Profit attributable to owners of the Company (HK\$'000)	254,918	150,927
Weighted average number of ordinary shares in issue (in thousands)	715,878	714,404
Adjustment for:		
– Share options and share awards (in thousands)	5,424	4,214
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	721,302	718,618
Diluted earnings per share attributable to owners of the Company (HK cents per share)	35.3	21.0

# 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/ registered share capital	As at 30 April	
				Interest held 2021	Interest held 2020
Matusadona Investments Limited*	British Virgin Islands, limited company	Investment holding in Hong Kong	United States dollars 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 Clean Health Production Ltd (formerly known as "JHC (Mirror) Limited")#	Hong Kong, limited company	Manufacturing of face mask (formerly inactive)	HK\$866,666	100%	100%
JHC (Taiwan) Limited#	Taiwan, limited liability company	Trading of housewares products in Taiwan	New Taiwan dollars 1,000,000	100%	100%
Japan Home (Retail) Pte. Ltd.#	Singapore, limited liability company	Retail sales of housewares products in Singapore	Singapore dollars 7,708,333	75%	75%
Familj (China) Limited#	Hong Kong limited liability company	Investment holding in Hong Kong	HK\$292,000	100%	100%
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	Renminbi 27,443,321	100%	100%
Japan Home Centre (Macau) Single-Member Company Limited#	Macau, limited company	Retail sales of housewares products in Macau	Macau Patacas 100,000	100%	100%

# Notes to the Consolidated Financial Statements *(Continued)*

## 13 Subsidiaries *(Continued)*

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued/registered share capital	As at 30 April	
				Interest held 2021	Interest held 2020
JHC Ella Limited <sup>#</sup>	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 <sup>#</sup>	Hong Kong, limited company	Investment of properties in Hong Kong	HK\$100	100%	100%
Delight Fame Investment Limited <sup>#</sup>	Hong Kong, limited company	Investment of properties in Hong Kong	HK\$1	100%	100%
Pako Investment Development Limited <sup>#</sup>	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 <sup>#</sup>	Mainland China, limited liability company	Investment of properties in Guangzhou, Mainland China	Renminbi 21,350,000	100%	100%
泛美家貿易(廣州)有限公司 <sup>#</sup>	Mainland China, limited liability company	Trading of housewares products in Mainland China	Renminbi 4,746,480	100%	100%
Matsusho Appliances Tokyo Company Limited <sup>#</sup>	Hong Kong, limited company	Inactive	HK\$10,000	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 2021 is HK\$6,820,000 (2020: HK\$3,688,000) attributable to Japan Home (Retail) Pte. Ltd., JHC (Plastic) Limited and JHC Ella Limited. The non-controlling interests in respect of these companies are not material.

# Notes to the Consolidated Financial Statements *(Continued)*

## 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
<b>At 1 May 2019</b>								
Cost	87,375	171,121	135,993	24,616	5,885	4,125	3,741	432,856
Accumulated depreciation	(3,375)	(133,134)	(120,122)	(21,318)	(4,150)	(4,125)	(3,628)	(289,852)
Net book amount	84,000	37,987	15,871	3,298	1,735	–	113	143,004
<b>Year ended 30 April 2020</b>								
Opening net book amount	84,000	37,987	15,871	3,298	1,735	–	113	143,004
Additions	366	17,107	8,440	3,609	1,773	–	–	31,295
Disposals (Note 28(b))	–	(4,332)	–	–	–	–	–	(4,332)
Reclassification to right-of-use assets	–	–	–	–	(512)	–	–	(512)
Depreciation (Note 8)	(1,448)	(18,476)	(8,668)	(1,879)	(517)	–	(57)	(31,045)
Currency translation differences	(383)	(227)	(92)	(67)	(9)	–	–	(778)
Closing net book amount	82,535	32,059	15,551	4,961	2,470	–	56	137,632
<b>At 30 April 2020</b>								
Cost	87,741	182,751	144,433	28,225	5,130	4,125	3,741	456,146
Accumulated depreciation	(5,206)	(150,692)	(128,882)	(23,264)	(2,660)	(4,125)	(3,685)	(318,514)
Net book amount	82,535	32,059	15,551	4,961	2,470	–	56	137,632
<b>Year ended 30 April 2021</b>								
Opening net book amount	82,535	32,059	15,551	4,961	2,470	–	56	137,632
Additions	43,242	23,860	9,899	2,391	1,616	–	3,240	84,248
Disposals (Note 28(b))	–	(1,493)	–	–	–	–	–	(1,493)
Depreciation (Note 8)	(1,579)	(16,903)	(8,178)	(2,105)	(866)	–	(704)	(30,335)
Currency translation differences	574	395	90	41	56	–	–	1,156
Closing net book amount	124,772	37,918	17,362	5,288	3,276	–	2,592	191,208
<b>At 30 April 2021</b>								
Cost	130,983	203,076	154,334	30,617	5,024	4,125	6,783	534,942
Accumulated depreciation	(6,211)	(165,158)	(136,972)	(25,329)	(1,748)	(4,125)	(4,191)	(343,734)
Net book amount	124,772	37,918	17,362	5,288	3,276	–	2,592	191,208

Depreciation expense of HK\$30,335,000 (2020: HK\$31,045,000) has been charged in administrative and other operating expenses (Note 8).

# Notes to the Consolidated Financial Statements *(Continued)*

## 15 Leases

### (a) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to right-of-use assets:

#### (i) Right-of-use assets

	At 30 April	
	2021 HK\$'000	2020 HK\$'000
Properties	505,131	473,474
Vehicles	114	298
Land use rights	3,360	3,171
	<u>508,605</u>	<u>476,943</u>

Additions to the right-of-use assets during the year were HK\$380,358,000 (2020: HK\$313,160,000).

#### (ii) Lease liabilities

	At 30 April	
	2021 HK\$'000	2020 HK\$'000
Non-current	221,718	210,130
Current	305,494	288,342
	<u>527,212</u>	<u>498,472</u>

During the year ended 30 April 2021, the Group received COVID-19-related rent concessions from landlords for certain lease properties which have been accounted for as negative variable lease payments and recognized in other income (Note 6) under the amendments to HKFRS 16 (Note 2.1(i)).

During the year ended 30 April 2020, the Group received rent concession from landlords for certain leased properties and has accounted for as lease modifications.

### (b) Amounts recognised in the consolidated income statement

	Year ended 30 April	
	2021 HK\$'000	2020 HK\$'000
Depreciation of right-of-use assets (Note 8)		
– Properties	349,786	357,320
– Vehicles	198	197
– Land use rights	102	99
Interest on lease liabilities (Note 10)	19,610	21,227
Expense relating to short-term leases (Note 8)	49,435	22,605
Gain on lease modification	170	–

The total cash outflow for leases for the year ended 30 April 2021 was HK\$386,353,000 (2020: HK\$380,611,000).

### (c) The Group's leasing activities and how these are accounted for

#### *As a lessee*

The Group leases various land, offices, warehouses, retail stores and vehicles. Rental contracts are typically made for fixed periods of 1 to 50 years, but may have extension and termination options as described in (d) below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

# Notes to the Consolidated Financial Statements *(Continued)*

## 15 Leases *(Continued)*

### (d) Extension and termination options

Extension and termination options are included in a number of land leases and property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

## 16 Investment properties

	As at 30 April	
	2021 HK\$'000	2020 HK\$'000
At fair value		
Opening balance at 1 May	34,176	38,532
Additions	–	1,830
Net gain/(loss) from fair value adjustment (Note 7)	3,080	(3,990)
Currency translation differences	3,311	(2,196)
Closing balance at 30 April	40,567	34,176

As at 30 April 2021, the Group had no unprovided contractual obligations for further repairs and maintenance (2020: 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 2021 and 2020 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 gains/(losses) – net' is HK\$3,080,000 (2020: loss for the year of HK\$3,990,000).

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

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

	Significant unobservable inputs	Price	Relationship of unobservable inputs to fair value
<b>As at 30 April 2021</b>			
Land and buildings in Nanjing, Mainland China	Market unit sale price (per square meter)	RMB22,105	The higher the market unit sales price, the higher the fair value
Land and buildings in Guangzhou, Mainland China	Market unit sale price (per square meter)	RMB27,736	The higher the market unit sales price, the higher the fair value
<b>As at 30 April 2020</b>			
Land and buildings in Nanjing, Mainland China	Market unit sale price (per square meter)	RMB22,105	The higher the market unit sales price, the higher the fair value
Land and buildings in Guangzhou, Mainland China	Market unit sale price (per square meter)	RMB24,718	The higher the market unit sales price, the higher the fair value

# Notes to the Consolidated Financial Statements *(Continued)*

## 17 Intangible assets

	Goodwill HK\$'000	Trademark HK\$'000	Computer software HK\$'000	Total HK\$'000
<b>As at 1 May 2019</b>				
Cost	6,658	26,609	–	33,267
Accumulated amortisation	–	(4,658)	–	(4,658)
Accumulated impairment	(727)	–	–	(727)
Currency translation differences	–	(1,324)	–	(1,324)
Net book amount	5,931	20,627	–	26,558
<b>Year ended 30 April 2020</b>				
Opening net book amount	5,931	20,627	–	26,558
Addition	–	–	12,841	12,841
Amortisation charge (Note 8)	–	(621)	(2,140)	(2,761)
Currency translation differences	–	(835)	–	(835)
Closing net book amount	5,931	19,171	10,701	35,803
<b>As at 30 April 2020</b>				
Cost	6,658	26,608	12,841	46,107
Accumulated amortisation	–	(5,278)	(2,140)	(7,418)
Accumulated impairment	(727)	–	–	(727)
Currency translation differences	–	(2,159)	–	(2,159)
Net book amount	5,931	19,171	10,701	35,803
<b>Year ended 30 April 2021</b>				
Opening net book amount	5,931	19,171	10,701	35,803
Addition	–	–	2,205	2,205
Amortisation charge (Note 8)	–	(624)	(3,009)	(3,633)
Currency translation differences	–	1,055	–	1,055
Closing net book amount	5,931	19,602	9,897	35,430
<b>As at 30 April 2021</b>				
Cost	6,658	26,608	15,046	48,312
Accumulated amortisation	–	(5,902)	(5,149)	(11,051)
Accumulated impairment	(727)	–	–	(727)
Currency translation differences	–	(1,104)	–	(1,104)
Net book amount	5,931	19,602	9,897	35,430

# Notes to the Consolidated Financial Statements *(Continued)*

## 17 Intangible assets *(Continued)*

Amortisation expense of HK\$3,633,000 (2020: HK\$2,761,000) 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 7.98%, which reflects the specific risks relating to the housewares retail businesses in Macau. 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.

## 18 Financial instruments by category

	Financial assets at amortised cost As at 30 April	
	2021	2020
	HK\$'000	HK\$'000
<b>Assets as per consolidated balance sheet</b>		
Trade and other receivables and deposits	142,879	139,338
Bank deposits with initial terms of over three months	388	388
Cash and cash equivalents	428,459	362,737
<b>Total</b>	<b>571,726</b>	<b>502,463</b>
	Financial liabilities at amortised cost As at 30 April	
	2021	2020
	HK\$'000	HK\$'000
<b>Liabilities as per consolidated balance sheet</b>		
Trade and other payables	233,688	200,917
Loans due to non-controlling shareholders of subsidiaries	6,681	3,087
Trust receipt loans subject to a repayable on demand clause	19,078	22,617
Lease liabilities	527,212	498,472
<b>Total</b>	<b>786,659</b>	<b>725,093</b>

# Notes to the Consolidated Financial Statements *(Continued)*

## 19 Trade and other receivables, prepayments and deposits

	As at 30 April	
	2021 HK\$'000	2020 HK\$'000
Trade receivables, net	9,362	12,431
Prepayments	9,586	11,961
Deposits and other receivables	133,517	126,907
	<b>152,465</b>	<b>151,299</b>
Less non-current portion:		
Deposits	(44,043)	(60,300)
Prepayment for property, plant and equipment	–	(920)
	<b>(44,043)</b>	<b>(61,220)</b>
Current portion	108,422	90,079

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

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

	As at 30 April	
	2021 HK\$'000	2020 HK\$'000
Up to 3 months	9,253	12,404
3 to 6 months	109	27
6 to 12 months	–	2,463
	<b>9,362</b>	<b>14,894</b>
Less: provision for impairment of receivables	–	(2,463)
	<b>9,362</b>	<b>12,431</b>

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

	As at 30 April	
	2021 HK\$'000	2020 HK\$'000
At beginning of the year	2,463	2,463
Written off of receivables	(2,463)	–
At end of the year	–	2,463

# Notes to the Consolidated Financial Statements *(Continued)*

## 19 Trade and other receivables, prepayments and deposits *(Continued)*

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Note 3.1(b) provides for details of the allowance. 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 Group does not hold any collateral as security for its receivables.

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

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

	As at 30 April	
	2021	2020
	HK\$'000	HK\$'000
Euro	501	191
United States dollars	3,532	1,031
Hong Kong dollars	124,585	124,378
Singapore dollars	19,019	22,981
Renminbi	2,635	809
New Taiwan dollars	300	502
Macau Patacas	1,784	1,407
Japanese Yen	109	–
	152,465	151,299

## 20 Inventories

	As at 30 April	
	2021	2020
	HK\$'000	HK\$'000
Merchandise	374,830	335,899

The cost of inventories sold and write-downs of inventories are recognised as an expense and included in cost of sales amounted to HK\$1,473,611,000 and HK\$2,338,000 respectively (2020: HK\$1,355,329,000 and HK\$2,894,000) (Note 8).

# Notes to the Consolidated Financial Statements *(Continued)*

## 21 Cash and bank balances

	As at 30 April	
	2021 HK\$'000	2020 HK\$'000
Cash at bank and on hand	265,245	152,505
Short-term bank deposits	163,602	210,620
	428,847	363,125
Less: bank deposits with initial terms of over three months	(388)	(388)
Cash and cash equivalents	428,459	362,737
Maximum exposure to credit risk	425,058	357,288

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

	As at 30 April	
	2021 HK\$'000	2020 HK\$'000
United States dollars	10,305	5,012
Hong Kong dollars	374,288	319,797
Macau Patacas	5,490	14,312
Renminbi	4,414	4,684
Singapore dollars	32,459	17,194
Others	1,891	2,126
	428,847	363,125

## 22 Share capital and share premium

	Number of shares (thousands)	Share capital HK\$'000	Share premium HK\$'000	Total HK\$'000
At 1 May 2019	721,641	72,164	512,959	585,123
Issue of shares (Note (a))	451	45	582	627
At 30 April 2020	722,092	72,209	513,541	585,750
Issue of shares (Note (a))	1,557	156	2,633	2,789
Cancellation of shares (Note (b))	(1,000)	(100)	(1,573)	(1,673)
At 30 April 2021	722,649	72,265	514,601	586,866

Notes:

- (a) During the year ended 30 April 2021, 1,557,000 shares were issued and allotted upon the exercise of options by the options holders (2020: 451,000).
- (b) During the year ended 30 April 2020, the Company acquired 1,000,000 of its own shares through purchases from the Hong Kong Stock Exchange on 20 March 2020. The total amount paid to acquire the shares was HK\$1,673,000. During the year ended 30 April 2021, these shares were cancelled and deducted from share capital and share premium on 24 July 2020.

# Notes to the Consolidated Financial Statements *(Continued)*

## 22 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 2019	2.30	6,634
Exercised	1.39	(451)
Lapsed	1.39	(432)
At 30 April 2020	2.44	5,751
At 1 May 2020	2.44	5,751
Exercised	1.79	(1,557)
Lapsed	1.86	(469)
At 30 April 2021	2.79	3,725

All outstanding share options were exercisable (2020: same). Options exercised in 2021 resulted in 1,557 thousand shares (2020: 451 thousand shares) being issued at a weighted average price of HK\$1.79 (2020: HK\$1.39).

# Notes to the Consolidated Financial Statements *(Continued)*

## 22 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)	
		2021	2020
15 October 2020	1.86	–	1,386
27 February 2022	3.86	1,775	1,775
11 November 2022	1.93	1,670	2,130
20 January 2024	1.08	280	460
At 30 April		3,725	5,751

No expense was recognised in the consolidated income statement for the year ended 30 April 2021 for share options granted to directors and employees (2020: same).

## 23 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 2021, 1,020,000 shares were granted to selected participants pursuant to the Share Award Scheme (2020: 1,013,000 shares). The trustee of the Share Award Scheme has purchased 1,850,000 shares of the Company on the Stock Exchange (2020: 1,744,000 shares). The total amount paid to acquire the shares was HK\$4,009,000 (2020: HK\$3,339,000) and has been deducted from shareholders’ equity. 4,063,000 treasury shares were distributed to the participants whose share awards have been vested (2020: 977,000 treasury shares). Treasury shares held uncancelled are accounted for as a deduction of shareholders’ equity. As at 30 April 2021, 5,493,000 treasury shares were held by the Group (2020: 7,706,000 treasury shares).

For the year ended 30 April 2021, total expense recognised in the consolidated income statement for share award granted is approximately HK\$3,597,000 (2020: HK\$3,175,000).

The weighted average fair value of shares granted on 19 December 2018, 21 December 2018, 15 February 2019 and 23 April 2019 determined using the Binomial Option Pricing Model was HK\$0.54 per share. The significant inputs into the model were as following.

Risk-free rate	1.42% – 1.86%
Volatility (Note a)	24.8% – 29.5%
Dividend yield	6.68%
Forfeit ratio	5.4%
Close prices of the underlying shares at respective grant dates	HK\$1.79 – HK\$2.07

Note:

- (a) The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices of the Company’s comparable companies over the last 2-3 years.

# Notes to the Consolidated Financial Statements *(Continued)*

## 24 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	Shares held for cancellation HK\$'000	Total HK\$'000
Balance at 1 May 2019	(106,347)	6,839	(10,665)	(4,208)	291,971	(12,292)	–	165,298
Impact on initial application of HKFRS 16	–	–	–	–	(25,500)	–	–	(25,500)
Restated balance at 1 May 2019	(106,347)	6,839	(10,665)	(4,208)	266,471	(12,292)	–	139,798
Profit for the year	–	–	–	–	150,927	–	–	150,927
Currency translation differences	–	–	–	(2,682)	–	–	–	(2,682)
Change in equity interests in a subsidiary without change of control	–	–	(3,034)	–	–	–	–	(3,034)
Purchase of treasury shares	–	–	–	–	–	(3,339)	–	(3,339)
Employees share option and share award scheme:								
– value of employee services (Note 9)	–	3,175	–	–	–	–	–	3,175
– vesting of share awards	–	(1,769)	–	–	–	1,769	–	–
Dividend related to 2019 (Note 32)	–	–	–	–	(64,256)	–	–	(64,256)
Dividend related to 2020 (Note 32)	–	–	–	–	(39,310)	–	–	(39,310)
Buy back of shares (Note 22(b))	–	–	–	–	–	–	(1,673)	(1,673)
Balance at 30 April 2020	(106,347)	8,245	(13,699)	(6,890)	313,832	(13,862)	(1,673)	179,606

	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	Shares held for cancellation HK\$'000	Total HK\$'000
Balance at 1 May 2020	(106,347)	8,245	(13,699)	(6,890)	313,832	(13,862)	(1,673)	179,606
Profit for the year	–	–	–	–	254,918	–	–	254,918
Currency translation differences	–	–	–	4,122	–	–	–	4,122
Purchase of treasury shares	–	–	–	–	–	(4,009)	–	(4,009)
Employees share option and share award scheme:								
– value of employee services (Note 9)	–	3,597	–	–	–	–	–	3,597
– vesting of share awards	–	(6,911)	–	–	–	10,132	–	3,221
Dividend related to 2020 (Note 32)	–	–	–	–	(78,985)	–	–	(78,985)
Dividend related to 2021 (Note 32)	–	–	–	–	(64,533)	–	–	(64,533)
Cancellation of shares (Note 22(b))	–	–	–	–	–	–	1,673	1,673
Balance at 30 April 2021	(106,347)	4,931	(13,699)	(2,768)	425,232	(7,739)	–	299,610

# Notes to the Consolidated Financial Statements *(Continued)*

## 25 Deferred income tax

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

	As at 30 April	
	2021	2020
	HK\$'000	HK\$'000
Deferred income tax assets:		
– To be recovered after more than 12 months	4,850	4,873
– To be recovered within 12 months	816	594
	<b>5,666</b>	<b>5,467</b>
Deferred income tax liabilities:		
– To be settled after more than 12 months	(865)	(584)
Deferred income tax assets, net	<b>4,801</b>	<b>4,883</b>

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

	HK\$'000
At 1 May 2019	5,177
Changed to consolidated income statement (Note 11)	(330)
Currency translation differences	36
At 30 April 2020	4,883
Changed to consolidated income statement (Note 11)	(55)
Currency translation differences	(27)
At 30 April 2021	<b>4,801</b>

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 2019	6,068	398	6,466
(Changed)/credited to the consolidated income statement	(1,195)	196	(999)
At 30 April 2020	4,873	594	5,467
(Changed)/credited to the consolidated income statement	(23)	222	199
At 30 April 2021	<b>4,850</b>	<b>816</b>	<b>5,666</b>

# Notes to the Consolidated Financial Statements *(Continued)*

## 25 Deferred income tax *(Continued)*

	Accelerated tax depreciation HK\$'000	Fair value gain HK\$'000	Total HK\$'000
<b>Deferred income tax liabilities</b>			
At 1 May 2019	441	848	1,289
Charged/(credited) to the consolidated income statement	143	(812)	(669)
Currency translation differences	–	(36)	(36)
At 30 April 2020	584	–	584
(Credited)/charged to the consolidated income statement	(358)	612	254
Currency translation differences	–	27	27
At 30 April 2021	226	639	865

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\$8,471,000 (2020: HK\$16,971,000) in respect of losses amounting to approximately HK\$48,765,000 (2020: HK\$78,672,000) that can be carried forward against future taxable income. These tax losses will expire as follows:

	As at 30 April	
	2021 HK\$'000	2020 HK\$'000
With no expiry date	45,353	64,789
Expiry in 2020	–	11,694
Expiry in 2021	523	523
Expiry in 2023	274	274
Expiry in 2024	1,392	1,392
Expiry in 2025	1,223	–
	48,765	78,672

# Notes to the Consolidated Financial Statements *(Continued)*

## 26 Trade and other payables, provision for reinstatement cost and contract liabilities

	As at 30 April	
	2021 HK\$'000	2020 HK\$'000
<b>Current</b>		
Trade payables	186,164	152,674
Other payables and accruals	47,522	48,243
Deposit received	19	27
Provision for employee benefits	10,367	9,238
	<b>244,072</b>	<b>210,182</b>
<b>Non-current</b>		
Provision for reinstatement cost	4,021	3,224
	<b>248,093</b>	<b>213,406</b>
<b>Contract liabilities</b>		
Receipts in advance and cash coupons	3,711	2,477
Deferred revenue arising from customer loyalty programs	3,455	2,866
	<b>7,166</b>	<b>5,343</b>

Note:

As at 30 April 2021, trade and other payables, provision for reinstatement cost and contract liabilities include trade payables to a related company of approximately HK\$4,732,000 (2020: HK\$1,314,000) (Note 33(e)).

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

	As at 30 April	
	2021 HK\$'000	2020 HK\$'000
0 – 30 days	121,458	104,063
31 – 60 days	47,684	24,419
61 – 90 days	13,478	19,667
91 – 120 days	3,544	4,404
Over 120 days	–	121
	<b>186,164</b>	<b>152,674</b>

# Notes to the Consolidated Financial Statements *(Continued)*

## 26 Trade and other payables, provision for reinstatement cost and contract liabilities *(Continued)*

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

	As at 30 April	
	2021	2020
	HK\$'000	HK\$'000
United States dollars	130	231
Hong Kong dollars	212,008	182,519
Singapore dollars	23,765	27,223
Renminbi	15,101	6,597
New Taiwan dollars	1,154	1,217
Macau Patacas	634	595
Japanese Yen	2,467	–
Euro	–	367
	255,259	218,749

## 27 Borrowings

	As at 30 April	
	2021	2020
	HK\$'000	HK\$'000
<b>Current</b>		
Trust receipt loans, secured and contain a repayment on demand clause	19,078	22,617

At at 30 April 2021 and 2020, the Group's trust receipt loans were repayable as follows:

	As at 30 April	
	2021	2020
	HK\$'000	HK\$'000
Within 1 year	19,078	22,617

As at 30 April 2021 and 2020, trust receipt loans are secured by 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	
	2021	2020
	HK\$'000	HK\$'000
Hong Kong dollars	12,409	9,435
Japanese Yen	2,684	10,611
Euro	–	147
British Pound	–	121
United States dollars	3,752	2,303
Renminbi	233	–
	19,078	22,617

# Notes to the Consolidated Financial Statements *(Continued)*

## 27 Borrowings *(Continued)*

The Group has the following undrawn borrowing facilities:

	As at 30 April	
	2021	2020
	HK\$'000	HK\$'000
Floating rate:		
– Expiring within one year	182,349	178,528

The facilities expiring within one year are annual facilities subject to review at various dates during 2021.

The Group has complied with the financial covenants of its borrowing facilities during the years ended 30 April 2021 and 2020.

The effective interest rate as at 30 April 2021 is 2.01% (2020: 3.47%).

## 28 Notes to consolidated statement of cash flows

### (a) Cash generated from operations:

	Year ended 30 April	
	2021	2020
	HK\$'000	HK\$'000
Profit before income tax	287,698	182,319
Adjustments for:		
– Loss on disposal of property, plant and equipment, net	1,291	4,192
– Depreciation of property, plant and equipment	30,335	31,045
– Depreciation of right-of-use assets	350,086	357,616
– Amortisation of intangible assets	3,633	2,761
– Interest income	(2,914)	(5,138)
– Interest expenses	20,219	21,963
– Employee share-based compensation	3,597	3,175
– Fair value (gain)/loss on investment properties	(3,080)	3,990
– Gain on lease modification	(170)	–
– Write-downs of inventories	2,338	2,894
– Rent concession	(35,358)	–
Changes in working capital:		
– Increase in inventories	(38,423)	(52,379)
– Decrease/(increase) in trade and other receivables, prepayments and deposits	71	(5,198)
– Increase in trade and other payables	26,817	7,329
Cash generated from operations	646,140	554,569

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

	Year ended 30 April	
	2021	2020
	HK\$'000	HK\$'000
Net book amount (Note 14)	1,493	4,332
Loss on disposal of property, plant and equipment, net (Note 7)	(1,291)	(4,192)
Proceeds from disposal of property, plant and equipment	202	140

# Notes to the Consolidated Financial Statements *(Continued)*

## 28 Notes to consolidated statement of cash flows *(Continued)*

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

	Lease liabilities HK\$'000	Borrowings HK\$'000	Loans due to non-controlling shareholders of subsidiaries HK\$'000	Total HK\$'000
As at 1 May 2019	–	39,816	2,154	41,970
Recognised on adoption of HKFRS 16	554,733	(601)	–	554,132
Cash flows	(380,611)	(16,598)	1,900	(395,309)
Other non-cash movement	324,350	–	(967)	323,383
As at 30 April 2020 and 1 May 2020	498,472	22,617	3,087	524,176
Cash flows	(336,918)	(3,539)	3,419	(337,038)
Other non-cash movement	365,658	–	175	365,833
As at 30 April 2021	527,212	19,078	6,681	552,971

## 29 Contingent liabilities

The Group's bankers have given guarantees in lieu of deposits amounting to HK\$18,968,000 (2020: HK\$18,031,000) to the Group's landlords and utility providers. These guarantees are counter indemnified by corporate guarantees provided by certain subsidiaries.

## 30 Commitments

### (a) Operating lease commitments – as lessor

At 30 April, the Group has future aggregate minimum lease receipts under non-cancellable operating leases in respect of sub-lease of certain spaces in retail shops as follows:

	As at 30 April	
	2021 HK\$'000	2020 HK\$'000
No later than one year	210	71
Later than one year and no later than five years	12	–
	222	71

### (b) Capital commitment

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

	As at 30 April	
	2021 HK\$'000	2020 HK\$'000
Property, plant and equipment	–	1,498

# Notes to the Consolidated Financial Statements *(Continued)*

## 31 Transaction with non-controlling interest

During the year ended 30 April 2020, the Group acquired additional interest in Japan Home (Retail) Pte. Ltd., from Mr. Lau Pak Fai, Peter, a director of the subsidiary, which increased the Group's shareholding in the subsidiary from 60% to 75%.

Effects of transaction with non-controlling interest on the equity attributable to owners of the Company:

	Year ended 30 April	
	2021	2020
	HK\$'000	HK\$'000
Changes in equity attributable to owners of the Company arising from acquisition of additional interests in subsidiary:		
Consideration paid (Note 33(c))	–	(2,761)
Less: change in non-controlling interest	–	(273)
	–	(3,034)

## 32 Dividend

The dividends paid in 2021 and 2020 were HK\$143,518,000 (HK20.0 cents per share) and HK\$103,566,000 (HK14.5 cents per share) respectively. In respect of the year ended 30 April 2021, the dividend of HK11.0 cents per share and special dividend of HK4.2 cents per share, amounting to a total dividend of HK\$109,038,000, is to be proposed at the annual general meeting on 23 September 2021. These consolidated financial statements do not reflect this dividend payable.

	Year ended 30 April	
	2021	2020
	HK\$'000	HK\$'000
Interim dividend paid of HK9.0 cents (2020: HK5.5 cents) per ordinary share	64,533	39,310
Proposed final dividend of HK11.0 cents and special dividend of HK4.2 cents (2020: HK11 cents) per ordinary share	109,038	78,985
	173,571	118,295

## 33 Significant related party transactions

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

Ms. Ngai Lai Ha is a director of the related companies of the Group in (a) and (b)(i) below during the year.

### (a) Sales of goods and services

	Note	Year ended 30 April	
		2021	2020
		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

# Notes to the Consolidated Financial Statements *(Continued)*

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

### (b) Purchase of goods and services

	Note	Year ended 30 April	
		2021 HK\$'000	2020 HK\$'000
(i) Short-term lease expenses in respect of certain premises to related companies:			
– Mulan's Garden (HK) Limited	(ii), (iii)	2,372	–
– JHC Investment Limited	(ii), (iii)	456	–
– Hong Sing Investment Limited	(ii), (iii)	16,534	3,486
– Charm Rainbow Limited	(ii), (iii)	1,944	1,134
– Hugo Grand Limited	(ii), (iii)	5,467	1,787
– Beauty Delight Limited	(ii), (iii)	1,500	1,375
(ii) Purchase of goods from a related company			
– Radha Exports Pte. Ltd	(i), (iv)	57,239	61,337

#### Notes:

- (i) Management fee income and purchase of goods were charged based on terms mutually agreed between the relevant parties.
- (ii) Short-term lease expenses were charged based on terms mutually agreed between the relevant parties.
- (iii) Before 1 May 2019, the Group has entered into certain operating lease agreements with certain related parties on terms mutually agreed between the relevant parties. The lease payments to these related companies under these agreements for the year ended 30 April 2021 and 2020 were shown as follows:

	Year ended 30 April	
	2021 HK\$'000	2020 HK\$'000
Lease payments made in respect of certain premises to related companies:		
– Mulan's Garden (HK) Limited	4,324	5,432
– JHC Investment Limited	2,412	2,713
– Hong Sing Investment Limited	1,680	14,378
– Charm Rainbow Limited	–	810
– Beauty Delight Limited	–	105
– Hugo Grand Limited	720	4,487

- (iv) Pursuant to the acquisition of 25% equity interest in Japan Home (Retail) Pte. Limited by Radha Japan Pte. Limited on 14 October 2019, Radha Exports Pte Limited, a company under common control with Radha Japan Pte. Limited, has become a related company of the Group. The amount represents the purchase of goods for the year ended 30 April 2021 (2020: from 14 October 2019 to 30 April 2020).

### (c) Acquisition in equity interest in a subsidiary

For the period from 1 May 2019 to 11 December 2019, the Group's shareholding in Japan Home (Retail) Pte. Ltd., one of the subsidiaries of the Group, was 60%. On 12 December 2019, the Group acquired 15% equity interest in this subsidiary at the consideration of SGD480,000 (approximately HK\$2,761,000). After the acquisition, the shareholding of Japan Home (Retail) Pte. Ltd increased from 60% to 75% (Note 31).

# Notes to the Consolidated Financial Statements *(Continued)*

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

### (d) Key management compensation

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

	As at 30 April	
	2021 HK\$'000	2020 HK\$'000
Short-term employee benefits	16,163	13,560
Post-employment benefits – defined contribution plans	196	180
Other long-term benefits	1,616	1,758
	17,975	15,498

### (e) Year-end balances

	Note	As at 30 April	
		2021 HK\$'000	2020 HK\$'000
Amount due to a related company	(i)	4,732	1,314
Loans due to non-controlling shareholders of subsidiaries			
– JHC Ella Limited	(ii)	6,681	3,087
Lease liabilities due to related companies			
– Mulan's Garden (HK) Limited		844	6,218
– JHC Investment Limited		360	2,269
– Hong Sing Investment Limited		996	2,784
– Hugo Grand Limited		–	1,956

Note:

- (i) The amount due to a related company is unsecured, interest free, repayable on demand and denominated in Singapore dollars. The carrying value as at 30 April 2021 and 2020 approximate its fair value.
- (ii) 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 2021, 31 October 2021, 14 January 2022 and 30 April 2022 (2020: principals and interests repayable on 3 October 2020, 31 October 2020, 14 January 2021 and 30 April 2021). The loans are denominated in Hong Kong dollar and their carrying values as at 30 April 2021 and 2020 approximate their fair values.

## 34 Subsequent events

- (a) On 18 May 2021, Japan Home Centre (H.K.) Limited, a subsidiary of the Company, entered into a memorandum of understanding to form a strategic business cooperation with Yoho Hong Kong Limited ("the Yoho HK"), an independent third party of the Group.
- (b) On 20 May 2021, Japan Home Centre (Management) Limited, a subsidiary of the Company, entered into a subscription agreement with Yoho Group Holdings Limited ("Yoho Group"), an indirect holding company of Yoho HK. Pursuant to the subscription agreement, Yoho Group issued and allotted 5,465,854 Series A Preferred Shares to Japan Home Centre (Management) Limited on 21 May 2021, representing approximately 2.77% of the issued share capital of Yoho Group at a total consideration of US\$3.0 million (approximately HK\$23,310,000).

# Notes to the Consolidated Financial Statements *(Continued)*

## 35 Balance sheet and reserve movement of the Company

Balance sheet of the Company

	As at 30 April	
	2021	2020
	HK\$'000	HK\$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investments in subsidiaries	106,129	113,587
<b>Current assets</b>		
Other receivables and prepayments	616	673
Amounts due from subsidiaries	844,138	694,138
Cash and cash equivalents	931	2,758
	845,685	697,569
<b>Total assets</b>	<b>951,814</b>	<b>811,156</b>
<b>EQUITY</b>		
<b>Capital and reserves attributable to the owners of the Company</b>		
Share capital and share premium	586,866	585,750
Reserves (Note (a))	90,018	80,158
<b>Total equity</b>	<b>676,884</b>	<b>665,908</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Other payables	49	758
Amounts due to subsidiaries	274,881	144,490
<b>Total liabilities</b>	<b>274,930</b>	<b>145,248</b>
<b>Total equity and liabilities</b>	<b>951,814</b>	<b>811,156</b>

The balance sheet of the Company was approved by the Board of Directors on 29 July 2021 and were signed on its behalf.

NGAI Lai Ha  
Director

LAU Pak Fai, Peter  
Director

# Notes to the Consolidated Financial Statements *(Continued)*

## 35 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	Shares held for cancellation HK\$'000	Total HK\$'000
Balance at 1 May 2019	6,839	92,229	(12,292)	–	86,776
Profit for the year	–	98,785	–	–	98,785
Purchase of treasury shares (Note 23)	–	–	(3,339)	–	(3,339)
Employees share option and share award scheme:					
– value of employee services (Note 9)	3,175	–	–	–	3,175
– vesting of share awards	(1,769)	–	1,769	–	–
Dividend related to 2019 (Note 32)	–	(64,256)	–	–	(64,256)
Dividend related to 2020 (Note 32)	–	(39,310)	–	–	(39,310)
Buy back of shares (Note 22 (b))	–	–	–	(1,673)	(1,673)
<b>Balance at 30 April 2020</b>	<b>8,245</b>	<b>87,448</b>	<b>(13,862)</b>	<b>(1,673)</b>	<b>80,158</b>
Profit for the year	–	148,896	–	–	148,896
Purchase of treasury shares (Note 23)	–	–	(4,009)	–	(4,009)
Employees share option and share award scheme:					
– value of employee services (Note 9)	3,597	–	–	–	3,597
– vesting of share award	(6,911)	–	10,132	–	3,221
Dividend related to 2020 (Note 32)	–	(78,985)	–	–	(78,985)
Dividend related to 2021 (Note 32)	–	(64,533)	–	–	(64,533)
Cancellation of shares (Note 22 (b))	–	–	–	1,673	1,673
<b>Balance at 30 April 2021</b>	<b>4,931</b>	<b>92,826</b>	<b>(7,739)</b>	<b>–</b>	<b>90,018</b>

# Notes to the Consolidated Financial Statements *(Continued)*

## 36 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 2021:

	Fees HK\$'000	Salary HK\$'000	Discretionary bonuses HK\$'000	Allowances and benefit in kind (Note i) HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking HK\$'000	Total HK\$'000
Executive directors:							
Ngai Lai Ha (Chief executive officer)	-	3,244	-	141	18	-	3,403
Lau Pak Fai, Peter	-	500	-	-	18	-	518
Cheng Sing Yuk	-	1,793	-	333	18	-	2,144
Non-executive director:							
Lau Chun Wah Davy (Note ii)	75	-	-	-	-	-	75
Independent non-executive directors:							
Mang Wing Ming, Rene	180	-	-	29	-	-	209
Yee Boon Yip	120	-	-	-	-	-	120
Yeung Yiu Keung	120	-	-	-	-	-	120
<b>Total</b>	<b>495</b>	<b>5,537</b>	<b>-</b>	<b>503</b>	<b>54</b>	<b>-</b>	<b>6,589</b>

# Notes to the Consolidated Financial Statements *(Continued)*

## 36 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 2020:

	Fees HK\$'000	Salary HK\$'000	Discretionary bonuses HK\$'000	Allowances and benefit in kind (Note i) HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking HK\$'000	Total HK\$'000
Executive directors:							
Ngai Lai Ha (Chief executive officer)	-	3,058	-	141	18	-	3,217
Lau Pak Fai, Peter	-	500	-	-	18	-	518
Cheng Sing Yuk	-	1,704	-	253	18	-	1,975
Non-executive director:							
Lau Chun Wah Davy	180	-	-	42	-	-	222
Independent non-executive directors:							
Mang Wing Ming, Rene	180	-	-	65	-	-	245
Yee Boon Yip	120	-	-	-	-	-	120
Yeung Yiu Keung	120	-	-	-	-	-	120
<b>Total</b>	<b>600</b>	<b>5,262</b>	<b>-</b>	<b>501</b>	<b>54</b>	<b>-</b>	<b>6,417</b>

# Notes to the Consolidated Financial Statements *(Continued)*

## **36 Benefits and interest of directors (disclosures required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulations (Cap. 622G) and the HK Listing Rules) *(Continued)***

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

Notes:

(i) Other benefits includes share based compensation.

(ii) Resigned on 29 September 2020.

None of the directors have waived any of the emoluments during the years ended 30 April 2021 and 2020.

### **(b) Directors' retirement benefits**

None of the directors received or will receive any retirement benefits during the year (2020: Nil).

### **(c) Directors' termination benefits**

None of the directors received or will receive any termination benefits during the year (2020: Nil).

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

During the year ended 30 April 2021, the Company did not pay consideration to any third parties for making available directors' services (2020: 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 2021, 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 (2020: 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 (2020: Nil) other than those disclosed in Note 33.

# Corporate Information

## DIRECTORS

### Executive Directors:

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

### Non-executive Director:

Mr. Lau Chun Wah Davy (Resigned on 29 September 2020)

### Independent Non-executive Directors:

Mr. Mang Wing Ming Rene  
Mr. Yee Boon Yip  
Mr. Yeung Yiu Keung

## AUDITOR

PricewaterhouseCoopers  
Certified Public Accountants

## COMPANY SECRETARY

Mr. Lee Kun Yin  
HKICPA

## REGISTERED OFFICE

Cricket Square, Hutchins Drive  
PO Box 2681, Grand Cayman  
KY1-1111, Cayman Islands

## HONG KONG HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

20th Floor, Tower B,  
Southmark, 11 Yip Hing Street,  
Wong Chuk Hang, Hong Kong  
Tel: (852) 3512-3100

## LEGAL ADVISER

Deacons

## PRINCIPAL BANKERS

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

## SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

## STOCK CODE

1373

## COMPANY WEBSITE

[www.ihr.com.hk](http://www.ihr.com.hk)