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International Housewares Retail Company Limited

國際家居零售有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1373)

CONTINUING CONNECTED TRANSACTION RENEWAL OF THE MASTER AGREEMENT RENEWAL OF ANNUAL CAPS

Reference is made to the Previous Announcement. On 14 October 2019, Radha Japan (a company wholly-owned by the Gangaram Family) acquired 25% equity interest in JH Singapore (a non-wholly owned subsidiary of the Company) from JHPL, as a result of which, the Gangaram Family, by virtue of their interests in Radha Japan, became a substantial shareholder of JH Singapore and thus a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. As the Supplier is wholly-owned by the Gangaram Family, the Supplier 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 the Supplier 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 the Supplier's Group. By virtue of the Supplier'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 Master Agreement will expire on 30 April 2022 and has been renewed for another three years up to 30 April 2025, subject to compliance with the then applicable provisions of the Listing Rules. This announcement is to provide information on the New Annual Caps for each of the three years ending 30 April 2025.

As (i) the Supplier is a connected person of the Company at the subsidiary level only; (ii) the highest applicable percentage ratio in respect of the New Annual Caps for the transactions contemplated under the Master Agreement exceeds 5%; (iii) the Master Agreement has been approved by the Board; and (iv) the terms of the Master Agreement have been confirmed by the independent non-executive Directors to be in the ordinary and usual course of business of the Group and on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole, the transactions contemplated under the Master Agreement are only subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules but are exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

BACKGROUND

On 14 October 2019, Radha Japan (a company wholly-owned by the Gangaram Family) acquired 25% equity interest in JH Singapore (a non-wholly owned subsidiary of the Company) from JHPL, as a result of which, the Gangaram Family, by virtue of their interests in Radha Japan, became a substantial shareholder of JH Singapore and thus a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. As the Supplier is wholly-owned by the Gangaram Family, the Supplier 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.

THE MASTER AGREEMENT

On 14 October 2019, the Company entered into the Master Agreement with the Supplier in relation to the purchase of Products. The Master Agreement will expire on 30 April 2022 and has been renewed for another three years up to 30 April 2025, subject to compliance with the then applicable provisions of the Listing Rules. The principal terms of the Master Agreement are as follows:

Parties: (1) The Company

(2) The Supplier

Nature of the transactions: During the term of the Master Agreement, members of the Group may purchase Products from members of the Supplier's Group and members of the Supplier's Group may supply Products to members of the Group by entering into individual separate Contracts for Supply that are subject to the terms of the Master Agreement.

The Company may designate any member of the Group and/or (with the prior approval of the Supplier) associate(s) of the Company as the purchaser(s), and the Supplier may designate any member of the Supplier's Group and/or (with the prior approval of the Company) its associate(s) as the vendor(s), to enter into transactions under the Master Agreement. The Company and the Supplier will respectively procure its designated parties to perform any such transactions so entered into.

Term: Commencing on 1 May 2022 and ending on 30 April 2025.

Pricing and basis of consideration: The pricing of the Products will be determined with reference to the prevailing market prices for the supply of the relevant Products, provided that any Contracts for Supply are on normal commercial terms or on terms which are no less favourable to the Group than terms available from independent third parties of the Group.

ORIGINAL ANNUAL CAPS AND NEW ANNUAL CAPS AMOUNTS AND BASIS OF DETERMINATION

The Original Annual Caps and New Annual Caps amounts for the transactions contemplated under the Master Agreement are as follows:

| | For financial year ended/ ending 30 April | | |
|--|--|--------------|---|
| | 2020 HK\$ | 2021 HK\$ | 2022 HK\$ |
| Original Annual Caps amount | 100,000,000* | 200,000,000 | 250,000,000 |
| Actual aggregate amount purchased from members of the Supplier's Group | 61,337,000* *(for the period from 14 October 2019 to 30 April 2020) | 57,239,000 | 61,346,000** **(for 10 months and ended on 28 February 2022) |
| | 2023 HK\$ | 2024 HK\$ | 2025 HK\$ |
| New Annual Caps amount | 100,000,000 | 120,000,000 | 140,000,000 |

The New Annual Caps amounts are determined with reference to the following factors:

1. the historical purchase volume and amounts for the Products purchased from the Supplier's Group and the estimated purchase volume and amounts for the Products payable to the Supplier's Group during the duration of the Master Agreement; and
2. the estimated sales volume of the Products by the Group to its retail customers.

Under the Master Agreement, where the actual transaction amounts may exceed the New Annual Caps announced by the Company from time to time, such transaction will be subject to and conditional upon the further approval by the Company and compliance with the applicable requirements under the Listing Rules.

The New Annual Caps in respect of the transactions contemplated under the Master Agreement are determined in compliance with the requirements of the Listing Rules and should not be taken as any commitment or indication on the part of the parties to the transactions as to the future volume, pricing or frequency of transactions.

The amounts payable by members of the Group in respect of the purchase of Products from the Supplier under the Master Agreement will generally be settled by telegraphic transfer or cheque in accordance with market practice.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Master Agreement provides a formal and unified framework of operations for the procurement of Products by the Group from the Supplier's Group. 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.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Master Agreement, the transactions contemplated thereunder and the New Annual Caps amounts in respect thereof are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As none of the Directors have a material interest in the Master Agreement or the proposed transactions contemplated thereunder, no Director had abstained from voting on the relevant resolution proposed at the board meeting of the Company approving the Master Agreement and the transactions contemplated thereunder.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Gangaram Family, through Radha Japan, holds 25% equity interest in JH Singapore (a non-wholly owned subsidiary of the Company). Therefore, the Gangaram Family is a substantial shareholder of JH Singapore and a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

As the Supplier is wholly-owned by the Gangaram Family, the Supplier 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. The transactions contemplated under the Master Agreement will therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As (i) the Supplier is a connected person of the Company at the subsidiary level only; (ii) the highest applicable percentage ratio in respect of the New Annual Caps for the transactions contemplated under the Master Agreement exceeds 5%; (iii) the Master Agreement has been approved by the Board; and (iv) the terms of the Master Agreement have been confirmed by the independent non-executive Directors to be in the ordinary and usual course of business of the Group and on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole, the transactions contemplated under the Master Agreement are only subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules but are exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

INFORMATION ABOUT THE PARTIES

The Group is principally engaged in investment holding, retail sales and trading of homeware products, licensing of franchise rights and provision of management services.

The principal activity of the Supplier's Group is the supply of consumer products.

DEFINITIONS

Unless otherwise defined, the following expressions have the following meanings in this announcement:

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| “associate(s)” | has the meaning ascribed to it under the Listing Rules; |
| “Board” | the board of Directors; |
| “Company” | International Housewares Retail Company Limited, a company incorporated under the laws of the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange; |
| “connected person” | has the meaning ascribed to it under the Listing Rules; |
| “Contracts for Supply” | any invoice, contract for supply and procurement, purchase order and/or other formal agreement in respect of the sale and purchase of the Products between the Group and the Supplier's Group to be entered into pursuant to the Master Agreement. |
| “Director(s)” | the director(s) of the Company; |
| “Gangaram Family” | Mr. Naraindas S/O Gangaram and his spouse, Mrs. Dinisha Naraindas Gangaram Nee Sangeeta Ramchand; |
| “Group” | the Company and its subsidiaries; |
| “HKD” | Hong Kong dollars, the lawful currency of Hong Kong; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC; |
| “JHPL” | Japan Home Pte. Limited, a company incorporated in the Republic of Singapore, which was the holder of 25% equity interest in JH Singapore prior to the date of this announcement; |
| “JH Singapore” | Japan Home (Retail) Pte. Limited, a company incorporated in the Republic of Singapore and a non-wholly owned subsidiary of the Company; |

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|---------------------------|---|
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |
| “Master Agreement” | the master agreement dated 14 October 2019 entered into between the Company and the Supplier in relation to the sale and purchase of Products; |
| “New Annual Caps” | the Annual Caps in respect of estimated aggregate amount purchased from members of the Supplier’s Group under the Master Agreement for the financial year ending 30 April 2023, 2024 and 2025; |
| “Original Annual Caps” | the annual caps in respect of estimated aggregate amount purchased from members of the Supplier’s Group under the Master Agreement for the financial year ended/ ending 30 April 2020, 2021 and 2022 as disclosed in the Previous Announcement; |
| “PRC” | The People’s Republic of China; |
| “Previous Announcement” | the announcements of the Company dated 14 October 2019 and 25 March 2020 in respect of the continuing connected transactions; |
| “Products” | consumer products to be sold by the Supplier’s Group to the Group as contemplated under the Master Agreement; |
| “Radha Japan” | Radha Japan Pte. Ltd., a company incorporated in the Republic of Singapore and wholly-owned by the Gangaram Family; |
| “Shareholder(s)” | holder(s) of the share(s) of the Company; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “subsidiary(ies)” | has the meaning ascribed to it under the Listing Rules; |
| “substantial shareholder” | has the meaning ascribed to it under the Listing Rules; |
| “Supplier” | Radha Exports Pte. Ltd., a company incorporated in the Republic of Singapore and wholly-owned by the Gangaram Family; |
| “Supplier’s Group” | the Supplier and its subsidiaries; and |
| “%” | per cent. |

By Order of the Board of
International Housewares Retail Company Limited
NGAI Lai Ha
Chairman and Executive Director

Hong Kong, 21 April 2022

As at the date of this announcement, the executive Directors are Ms. NGAI Lai Ha, Mr. LAU Pak Fai Peter and Mr. CHENG Sing Yuk, and the independent non-executive Directors are Mr. MANG Wing Ming Rene, Mr. NG Sze Yuen Terry and Mr. YEUNG Yiu Keung.