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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)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 APRIL 2022**

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 2022 (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 2021 (“**2020/21**”).

#### **HIGHLIGHTS**

- The Group’s revenue rose by 8.5% to a historical high of HK\$2,920,775,000 (2020/21: HK\$2,692,460,000)<sup>(1)</sup>.
- The Group’s gross profit rose by 9.7% to HK\$1,334,677,000 (2020/21: HK\$1,216,511,000), while the gross profit margin was 45.7% (2020/21: 45.2%).
- Profit attributable to owners of the Company was HK\$220,822,000 (2020/21: HK\$254,918,000, which includes an income of approximately HK\$70,999,000 received from the Employment Support Scheme created by the Government of the HKSAR).
- The Group’s operations in its three markets; Hong Kong, Singapore and Macau, all continued to return a profit.
- The Board has resolved to recommend payment of a final dividend of HK12.0 cents per share. Together with an interim dividend of HK10.5 cents and a special dividend of HK4.2 cents per share already paid, the total dividend for the Year would be HK26.7 cents per share (2020/21: HK24.2 cents per share).

*Note:*

1. *Comparative figures for the financial year ended 30 April 2021 are shown as 2020/21 in brackets.*

## 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, food and household FMCG through an extensive retail network comprising 384 stores in Hong Kong, Singapore, Macau, East Malaysia, Cambodia and Australia 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), 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 an omni-channel retail chain of convenience general merchandise stores (“GMS”).

### FINANCIAL PERFORMANCE

Aside from proactively enlarging its product categories, the Group also reviewed its product mix to ensure it closely aligned with current trends and increased the proportion of OEM products in order to capture additional market opportunities and expand its customer base. In addition, driven by the growth in overall comparable store sales and the increase in the average ticket size as a result of the surging demand for anti-pandemic supplies, the Group’s revenue increased by 8.5% to a historical high of HK\$2,920,775,000 (2020/21: HK\$2,692,460,000). The Group’s gross profit rose by 9.7% to HK\$1,334,677,000 (2020/21: HK\$1,216,511,000), while the gross profit margin was 45.7% (2020/21: 45.2%).

Profit attributable to owners of the Company was HK\$220,822,000 (2020/21: HK\$254,918,000, which includes an income of approximately HK\$70,999,000 received from the Employment Support Scheme created by the Government of the HKSAR). The result was mainly due to the Group’s continuous monitoring of purchase prices and logistics costs of its sourcing activities, and the prudent management of its operating expenses. Furthermore, the fact that the Group remained in a profit position in each of its overseas markets had a positive impact on its result.

### LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2022, the Group maintained a strong financial position with cash and cash equivalents of HK\$416,923,000 (30 April 2021: HK\$428,459,000). 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, the Group continued to maintain a strong liquidity and cash flow position, which is of paramount importance to its 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 2022, the Group’s current ratio was 1.5 (30 April 2021: 1.5). Total borrowings amounted to HK\$21,767,000 as at 30 April 2022 (30 April 2021: HK\$19,078,000). The Group was in a net cash position as at 30 April 2022 and its gearing ratio, as determined by total borrowings and loans from non-controlling shareholders divided by total equity, was 3.2% (30 April 2021: 2.9%).

*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

### OPERATING EFFICIENCIES

Despite the challenging operating environment over the last few years, the Group managed to overcome the adversity with our solid foundation. The Group was well positioned to drive satisfactory comparable Hong Kong store sales growth<sup>(1)</sup> of 6.7% (2020/21: 4.4%) during the Year. Moreover, through the below-mentioned efforts and prudence exercised in managing expenses, the Group was able to reduce operating expenses as a percentage of revenue to 37.8% (2020/21: 38.9%).

The spread of the fifth wave of Covid-19 in Hong Kong was rapid, and infections sparked a severe manpower shortage. By making timely adjustments to the manpower deployment of different stores from time to time with the aim of retaining experienced employees, the Group was able to ensure sufficient manpower with employee expenses at a stable level as a percentage of revenue for the Year.

In addition, the Group has been able to control rental expenses within its operation to better meet the requirements for future business growth by stepping up efforts to integrate inventory records between its online platform and physical stores, so as to create a seamless online and offline shopping experience for its customers. This not only enables the sharing of inventory for online and offline channels, but also gives greater flexibility in choosing retail spaces.

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

For the Year Ended 30 April	2022		2021		Change (%)
	HK\$	(%) of revenue	HK\$	(%) of revenue	
Distribution and advertising expenses	74,765,000	2.6%	67,512,000	2.5%	10.7%
Administrative and other operating expenses	1,027,901,000	35.2%	980,392,000	36.4%	4.8%
Total operating expenses	1,102,666,000	37.8%	1,047,904,000	38.9%	5.2%

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

### 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, food and household FMCG through an extensive retail network comprising 384 stores in Hong Kong, Singapore, Macau, East Malaysia, Cambodia and Australia 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), 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 an omni-channel retail chain of convenience general merchandise stores (“GMS”).

With regard to 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 Government of the HKSAR 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. The Group believes these initiatives will enable it to further increase its share of the Hong Kong retail market and maintain its position as one of the largest houseware retail chains in the region.

The Group remains positive about its medium-to-long-term business prospects 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 2022	As at 31 October 2021	Net increase/ (decrease)
The Group’s directly managed stores			
Hong Kong	322	320	2
Singapore	47	49	(2)
Macau	9	8	1
The Group’s overseas licensed stores	6	8	(2)
<b>Total</b>	<b>384</b>	<b>385</b>	<b>(1)</b>

### HUMAN RESOURCES

To ensure it is able to attract and retain staff capable of delivering an outstanding performance, the Group regularly reviews its remuneration packages and rewards qualified employees with performance bonuses and 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 2022, the Group had approximately 2,140 employees (30 April 2021: 2,391) and total employee benefit expenses for the Year were HK\$405,825,000 (2020/21: HK\$396,933,000).

*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**

### **OPERATIONAL REVIEW BY BUSINESS SEGMENT**

The Group operates retail, wholesale and licensing and other businesses. Revenue from the retail business for the Year rose by 8.0% to a new record high and continued to be the Group's primary sales driver. The increase was mainly due to a growth in comparable store sales and the increase in the average ticket size brought by surging demand for anti-pandemic supplies during the fifth wave of the COVID-19 epidemic in Hong Kong. In addition to proactively broadening product categories, the Group also reviewed its product mix to ensure that it is in close alignment with current trends, and increased the proportion of OEM products in order to capture additional market opportunities and enlarge its customer base. These efforts resulted in the Group achieving retail revenue of HK\$2,892,753,000 (2020/21: HK\$2,677,789,000) (which included consignment sales commission income), accounting for 99.0% (2020/21: 99.5%) of its total revenue.

Simultaneously, the Group's B2B team was well positioned to capture the opportunities arising from the increased demand for COVID-19 rapid antigen test kits earlier this year, and revenue from the wholesale business, licensing income and others as a whole amounted to HK\$28,022,000 (2020/21: HK\$14,671,000), representing a substantial increase of 91.0%.

### **OPERATIONAL REVIEW BY GEOGRAPHICAL LOCATION**

#### **Operations Review – Hong Kong and Macau**

Following the fifth wave of COVID-19 in Hong Kong earlier this year, the demand for anti-pandemic supplies remained strong, but there was insufficient supply of COVID-19 rapid antigen test kits on the market. It is necessary for the Group to ensure its sustainability in order to seize any emerging opportunities. It therefore needs a well-trained, adaptable and versatile workforce to be in place to maintain its market competitiveness. It must also take swift action to procure a continuous supply of key products and in particular, fulfil those in desperate demand. The Group has achieved a fair level of success in this regard as reflected by an increase in the average ticket size and record-high sales in the local markets.

In addition to actively enlarging its product categories, the Group reviewed its product mix to ensure it closely aligned with current trends. The Group also increased the proportion of OEM products in order to capture additional market opportunities and grow its customer base. The support of the Group's revenue driver through ongoing efforts to enhance the integration of inventory records between its online and physical stores, so as to create a seamless transition between an online and offline shopping experience for its customers, had a positive impact on its growth in the Hong Kong market. As a result, revenue from Hong Kong for the Year surged to a new high, totaling HK\$2,608,532,000 (2020/21: HK\$2,386,352,000), representing an increase of 9.3%, while comparable store sales<sup>(1)</sup> achieved a satisfactory growth of 6.7% (2020/21: 4.4%).

Taking into account the constant monitoring of purchase prices and the careful management of operating expenses, profit for the Year from the Hong Kong market was HK\$213,681,000 (2020/21: HK\$241,092,000, which included an income of approximately HK\$70,999,000 under the Employment Support Scheme introduced by the Government of the HKSAR). Hong Kong remained the Group's key market, accounting for 89.3% (2020/21: 88.6%) of its total revenue.

The Group's operation in Macau maintained profitability and continued to deliver satisfactory results for the Year. It recorded revenue of HK\$46,545,000 (2020/21: HK\$47,320,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Operations Review – Singapore

Despite the epidemic in Singapore impacting its economy, with a shortage of overseas workers and an increase in wages, the Group's business there still achieved a profit-making position for the Year. Revenue increased by 2.7% to, as expressed in Hong Kong dollars, HK\$265,698,000 (2020/21: HK\$258,788,000), while the gross profit rose by 7.6% to HK\$110,686,000 (2020/21: HK\$102,914,000) during the Year. These figures show that the Group was 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.

The Group will continue to explore different ways to broaden its revenue sources in the Singapore market. In addition to its self-operated e-shops and third-party operated e-platforms, the Group will deploy its EasyBuy platform at selected stores in Singapore in the first half of FY2023 to further expand its e-commerce operation and to meet the needs of the market.

To further enhance the accuracy and efficiency of its product distribution capabilities in the Singapore market, the Group relocated a new warehouse in December 2021 with the aim of using it as a central processing base for its merchandise. The Group continues to develop, improve and expand the operational 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. Singapore remains a strategic market and the Group is therefore optimistic that it will achieve 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.*

## MANAGEMENT DISCUSSION AND ANALYSIS

### Prospects

Covid-19 has lingered across the globe over the last few years. Supply chain disruptions, manpower shortages due to Covid-19 infection and a surge in the unemployment rate arising from Hong Kong's fifth wave have all had a severe and adverse impact on local retail businesses. With our solid foundation, quick adjustment of frontline manpower deployment to mitigate operational disruptions, and logistics flow optimization to enable timely inventory replenishment at stores, we managed to sail through the adversity. In every adversity there is also opportunity. To grab this opportunity, the skills of our merchandizing team have once again been demonstrated by the speedy, decisive and effective sourcing and selling of Covid-19 rapid antigen test kits, meeting the surge in public demand.

The pandemic has significantly increased online shopping habits, which in turn has motivated us to step up the process of revamping our e-platform with the aim of creating a new online-offline integrated platform enabling customers seamless access to our inventory through different channels; and building a strong "Click & collect" model to allow customers to make purchases on the e-platform and then collect their items at our stores within hours. Through collaboration with key third-party e-commerce operators such as foodpanda mall and Yoho, we will be able to increase our e-commerce presence and seek new income streams for the Group. Leveraging the strength of our extensive physical store network, our goal is to build a convenient omni-channel retail model for JHC.

It is always our continuing focus on the development of our OEM products. Utilizing our strong local knowledge of customer needs and trends, we shall endeavour to expand and enhance our OEM products through incorporating modern packaging and design; as well as adding new features, elements and value to our products so as to build brand awareness and customer brand loyalty. We currently have over 25 private labels with over 1800 SKUs across six major product categories. Going forward, we will put further effort into increasing market penetration of our OEM brands and their contributions to the Group's revenue.

Transforming ourselves into an omni-channel retail chain of convenience general merchandise stores ("GMS") and leveraging our extensive retail network, we shall continue to reshape our product mix of consumable items at our physical stores to add convenience for customers and increase foot traffic. We will also continue to work closely with suppliers to establish more cross-docking arrangements, thereby increasing logistics efficiency and allowing a wider variety of products with a smaller quantity to be transported. We shall offer more variety of durable and bulky items to sell through JHC e-platforms, such as plastic boxes, furniture and large electrical appliances, eyeing on providing customers with one-stop shopping experiences and improving operational efficiency by inventory-sharing between physical stores and e-platforms.

The ability to maintain a dedicated workforce is one of the keys to our success. We understand that successful operations and projects are more reliant on team coherence than technical skills. Aligning individuals with common goals and reinforcing our corporate culture among our staff through incentive schemes, regular group training and sharing, and providing one-on-one mentoring conducted by experts across different departments at different levels are all vital parts of our day-to-day operations. To further strengthen our team, we shall continue to invest in our staff and recruit right talents for new roles, not only for maintaining our stable operation, but also equipping ourselves for new initiatives and challenges.

We believe that challenges will continue in 2022, but the Group will still seize every opportunity to create value for its customers, employees and shareholders.

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 30 APRIL 2022**

	Note	Year ended 30 April	
		2022 HK\$'000	2021 HK\$'000
<b>Revenue</b>	3	2,920,775	2,692,460
Cost of sales	4	(1,586,098)	(1,475,949)
		<hr/>	<hr/>
<b>Gross profit</b>		1,334,677	1,216,511
Other income		51,052	134,437
Other (losses)/gains, net		(4,948)	1,959
Distribution and advertising expenses	4	(74,765)	(67,512)
Administrative and other operating expenses	4	(1,027,901)	(980,392)
		<hr/>	<hr/>
<b>Operating profit</b>		278,115	305,003
		<hr/>	<hr/>
Finance income		621	2,914
Finance expenses		(16,723)	(20,219)
		<hr/>	<hr/>
Finance expenses, net		(16,102)	(17,305)
		<hr/>	<hr/>
<b>Profit before income tax</b>		262,013	287,698
Income tax expense	5	(41,695)	(29,856)
		<hr/>	<hr/>
<b>Profit for the year</b>		220,318	257,842
		<hr/>	<hr/>
<b>Profit attributable to:</b>			
Owners of the Company		220,822	254,918
Non-controlling interests		(504)	2,924
		<hr/>	<hr/>
		220,318	257,842
		<hr/>	<hr/>
<b>Earnings per share attributable to the owners of the Company for the year (expressed in HK cents per share)</b>			
Basic earnings per share	6	HK30.8 cents	HK35.6 cents
		<hr/>	<hr/>
Diluted earnings per share	6	HK30.6 cents	HK35.3 cents
		<hr/>	<hr/>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 APRIL 2022**

	Year ended 30 April	
	2022 HK\$'000	2021 HK\$'000
Profit for the year	220,318	257,842
<b>Other comprehensive (loss)/income</b> <i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	(1,092)	4,330
<b>Other comprehensive (loss)/income for the year, net of tax</b>	(1,092)	4,330
<b>Total comprehensive income for the year</b>	219,226	262,172
<b>Attributable to:</b>		
Owners of the Company	219,894	259,040
Non-controlling interests	(668)	3,132
<b>Total comprehensive income for the year</b>	219,226	262,172

**CONSOLIDATED BALANCE SHEET  
AS AT 30 APRIL 2022**

	Note	As at 30 April	
		2022 HK\$'000	2021 HK\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		186,752	191,208
Right-of-use assets		494,706	508,605
Investment properties		36,622	40,567
Intangible assets		32,702	35,430
Deferred income tax assets		6,021	5,666
Financial asset at fair value through profit or loss		23,310	-
Deposits	8	60,185	44,043
		<u>840,298</u>	<u>825,519</u>
		-----	-----
<b>Current assets</b>			
Inventories		375,294	374,830
Trade and other receivables, prepayments and deposits	8	105,441	108,422
Current income tax recoverable		804	-
Bank deposits with initial terms of over three months		-	388
Cash and cash equivalents		416,923	428,459
		<u>898,462</u>	<u>912,099</u>
		-----	-----
<b>Total assets</b>		<u><u>1,738,760</u></u>	<u><u>1,737,618</u></u>
<b>Equity</b>			
<b>Capital and reserves attributable to the owners of the Company</b>			
Share capital and share premium		587,483	586,866
Reserves		301,220	299,610
		<u>888,703</u>	<u>886,476</u>
<b>Non-controlling interests</b>		6,152	6,820
		<u>894,855</u>	<u>893,296</u>
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**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 30 APRIL 2022**

	Note	As at 30 April	
		2022	2021
		HK\$'000	HK\$'000
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		609	865
Provision for reinstatement cost	9	4,194	4,021
Lease liabilities		226,683	221,718
		<u>231,486</u>	<u>226,604</u>
		-----	-----
<b>Current liabilities</b>			
Trade and other payables	9	231,623	244,072
Contract liabilities	9	20,786	7,166
Loans due to a non-controlling shareholder of a subsidiary		6,873	6,681
Borrowings		21,767	19,078
Lease liabilities		281,446	305,494
Current income tax liabilities		49,924	35,227
		<u>612,419</u>	<u>617,718</u>
		-----	-----
<b>Total liabilities</b>		<u>843,905</u>	<u>844,322</u>
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<b>Total equity and liabilities</b>		<u>1,738,760</u>	<u>1,737,618</u>
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## 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\$”) and rounded to the nearest thousand HK\$ (“HK\$’000”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 28 July 2022.

### 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 (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622 of the Law of Hong Kong). The consolidated financial statements have been prepared under the historical cost convention, except for investment properties and financial asset at fair value through profit or loss, which were measured at fair value.

The preparation of financial statements in conformity with HKFRSs 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.

- (i) Amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 May 2021:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2
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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

#### 2.1 Basis of preparation (Continued)

- (ii) New and amended standards, interpretation and accounting guideline issued but not yet adopted by the Group

The following new and amended standards, interpretation and accounting guideline have been issued but are not effective for periods commencing on or after 1 May 2021 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
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
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations	1 January 2022
Annual Improvement Project	Annual Improvements to HKFRSs Cycle 2018 to 2020	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17 (Amendments)	Initial Application of HKFRS17 and HKFRS 9 — Comparative Information	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
HKAS 12 (Amendments)	Deferred Tax related to Asset and Liabilities arising from a Single Transaction	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, interpretation and accounting guideline issued but upon initial application, and has concluded on a preliminary basis that these are not expected to have a significant impact on the Group's results of operations or financial position.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 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.

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

\* Including consignment sales commission income.

The segment information provided to the executive directors for the reportable segments for the year ended 30 April 2022 is as follows:

	Retail		Wholesales, licencing and others	Total
	Hong Kong and Macau HK\$'000	Singapore HK\$'000	HK\$'000	HK\$'000
Segment revenue (all from external customers)	2,627,055	265,698	28,022	2,920,775
Cost of sales	(1,414,617)	(155,012)	(16,469)	(1,586,098)
Segment results	1,212,438	110,686	11,553	1,334,677
Gross profit %**	46.15%	41.66%	41.23%	45.70%
Other income				51,052
Other losses, net				(4,948)
Distribution and advertising expenses				(74,765)
Administrative and other operating expenses				(1,027,901)
<b>Operating profit</b>				278,115
Finance income				621
Finance expenses				(16,723)
<b>Profit before income tax</b>				262,013
Income tax expense				(41,695)
<b>Profit for the year</b>				220,318

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 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 HK\$'000	Total HK\$'000
	Hong Kong and Macau HK\$'000	Singapore 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>				305,003
Finance income				2,914
Finance expenses				(20,219)
<b>Profit before income tax</b>				287,698
Income tax expense				(29,856)
<b>Profit for the year</b>				257,842

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 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 2022 and 2021. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Revenues include sales of goods of HK\$2,911,215,000 (2021: HK\$2,680,223,000), revenue arising from customer loyalty programme of HK\$8,234,000 (2021: HK\$10,437,000) and consignment sales commission of HK\$1,326,000 (2021: HK\$1,800,000).

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 2022 and 2021.

All of the Group's revenues are recognised at a point in time for the years ended 30 April 2022 and 2021.

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 2022 and 2021, 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 2022 and 30 April 2021 respectively.

	As at 30 April 2022			
	Retail Hong Kong and Macau HK\$'000	Singapore HK\$'000	Wholesales, licencing and others HK\$'000	Total HK\$'000
Segment assets	1,088,313	161,237	5,530	1,255,080
Segment liabilities	680,364	99,738	6,397	786,499
	As at 30 April 2021			
	Retail Hong Kong and Macau HK\$'000	Singapore HK\$'000	Wholesales, licencing and others HK\$'000	Total HK\$'000
Segment assets	1,087,010	169,586	5,942	1,262,538
Segment liabilities	688,424	105,878	7,247	801,549

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

### 3 Segment information (Continued)

The following tables present segment assets and liabilities as at 30 April 2022 and 30 April 2021 respectively.

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

	As at 30 April	
	2022	2021
	HK\$'000	HK\$'000
Segment assets	1,255,080	1,262,538
Investment properties	36,622	40,567
Financial asset at fair value through profit or loss	23,310	-
Deferred income tax assets	6,021	5,666
Current income tax recoverable	804	-
Bank deposits with initial terms of over three months	-	388
Cash and cash equivalents	416,923	428,459
	<hr/>	<hr/>
Total assets	1,738,760	1,737,618
	<hr/> <hr/>	<hr/> <hr/>

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

	As at 30 April	
	2022	2021
	HK\$'000	HK\$'000
Segment liabilities	786,499	801,549
Deferred income tax liabilities	609	865
Loans due to a non-controlling shareholder of a subsidiary	6,873	6,681
Current income tax liabilities	49,924	35,227
	<hr/>	<hr/>
Total liabilities	843,905	844,322
	<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 Segment information (Continued)

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

	Year ended 30 April	
	2022	2021
	HK\$'000	HK\$'000
Hong Kong	2,608,532	2,386,352
Singapore	265,698	258,788
Macau	46,545	47,320
	<u>2,920,775</u>	<u>2,692,460</u>

Non-current assets, other than intangible assets and deferred income tax assets, of the Group as at 30 April 2022 and 2021 are located as follows:

	Year ended 30 April	
	2022	2021
	HK\$'000	HK\$'000
Hong Kong	603,890	583,387
Mainland China	46,610	51,458
Singapore	87,588	93,907
Macau	63,487	55,671
	<u>801,575</u>	<u>784,423</u>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4 Expenses by nature

	Year ended 30 April	
	2022	2021
	HK\$'000	HK\$'000
Auditors' remuneration		
- Audit services	1,995	2,511
- Non-audit services	320	2,238
Air conditioning expenses	10,470	10,277
Advertising and promotion expenses	8,434	7,540
Amortisation of intangible assets	3,992	3,633
Building management fees	47,633	43,900
Cost of inventories sold	1,568,572	1,473,611
Write-downs of inventories	17,526	2,338
Delivery charges	65,126	58,883
Depreciation of owned property, plant and equipment	30,924	30,335
Depreciation of right-of-use assets	343,944	350,086
Employee benefit expenses (including directors' emoluments)	405,825	396,933
Government rates	11,200	10,294
Legal and professional fee	3,450	3,154
Short-term lease expense	64,875	49,435
Repair and maintenance	17,064	13,254
Utility expenses	24,968	16,811
Net exchange losses	6,096	3,872
Others	56,350	44,748
	<hr/>	<hr/>
Total cost of sales, distribution and advertising expenses, and administrative and other operating expenses	2,688,764	2,523,853
	<hr/> <hr/>	<hr/> <hr/>

### 5 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 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	
	2022	2021
	HK\$'000	HK\$'000
Current income tax		
- Hong Kong profits tax	41,973	30,007
- Overseas taxation	548	633
	<hr/>	<hr/>
	42,521	30,640
Over provision in prior years		
- Hong Kong profits tax	(206)	(835)
- Overseas taxation	-	(4)
- Deferred income tax	(49)	(415)
	<hr/>	<hr/>
	(255)	(1,254)
	<hr/>	<hr/>
Deferred income tax	(571)	470
	<hr/> <hr/>	<hr/> <hr/>
	41,695	29,856
	<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6 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	
	2022	2021
Profit attributable to owners of the Company (HK\$'000)	220,822	254,918
Weighted average number of ordinary shares in issue (in thousands) (Note)	717,709	715,878
Basic earnings per share attributable to owners of the Company (HK cents per share)	30.8	35.6

Note:

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	
	2022	2021
Profit attributable to owners of the Company (HK\$'000)	220,822	254,918
Weighted average number of ordinary shares in issue (in thousands)	717,709	715,878
Adjustment for:		
- Share options and share awards (in thousands)	4,020	5,424
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	721,729	721,302
Diluted earnings per share attributable to owners of the Company (HK cents per share)	30.6	35.3

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 7 Dividend

The dividends paid in 2022 and 2021 were HK\$214,661,000 (HK29.9 cents per share) and HK\$143,518,000 (HK20.0 cents per share) respectively. In respect of the year ended 30 April 2022, the final dividend of HK12.0 cents per share amounting to a total dividend of HK\$86,161,000 is to be proposed at the annual general meeting on 29 September 2022. These consolidated financial statements do not reflect this dividend payable.

	Year ended 30 April	
	2022	2021
	HK\$'000	HK\$'000
Interim dividend paid of HK10.5 cents and special dividend of HK4.2 cents (2021: HK9.0 cents) per ordinary share	105,623	64,533
Proposed final dividend of HK12.0 cents (2021: Final dividend of HK11.0 cents and special dividend of HK4.2 cents) per ordinary share	86,161	109,038
	<u>191,784</u>	<u>173,571</u>

### 8 Trade and other receivables, prepayments and deposits

	As at 30 April	
	2022	2021
	HK\$'000	HK\$'000
Trade receivables, net	13,888	9,362
Prepayments	18,813	9,586
Deposits and other receivables	132,925	133,517
	<u>165,626</u>	<u>152,465</u>
Less non-current portion:		
Deposits	(60,185)	(44,043)
	<u>105,441</u>	<u>108,422</u>

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	
	2022	2021
	HK\$'000	HK\$'000
Up to 3 months	13,884	9,253
3 to 6 months	4	109
	<u>13,888</u>	<u>9,362</u>
Less: provision for impairment of receivables	-	-
	<u>13,888</u>	<u>9,362</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	As at 30 April	
	2022	2021
	HK\$'000	HK\$'000
<b>Current</b>		
Trade payables	176,111	186,164
Other payables and accruals	47,606	47,522
Deposit received	11	19
Provision for employee benefits	7,895	10,367
	231,623	244,072
<b>Non-current</b>		
Provision for reinstatement cost	4,194	4,021
	235,817	248,093
<b>Contract liabilities</b>		
Receipts in advance and cash coupons	17,350	3,711
Deferred revenue arising from customer loyalty programs	3,436	3,455
	20,786	7,166

Note:

As at 30 April 2022, trade and other payables, provision for reinstatement cost and contract liabilities include trade payables to a related company of approximately HK\$12,406,000 (2021: HK\$4,732,000) .

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

	As at 30 April	
	2022	2021
	HK\$'000	HK\$'000
0 - 30 days	115,272	121,458
31 - 60 days	35,593	47,684
61 - 90 days	14,540	13,478
91 - 120 days	10,706	3,544
	176,111	186,164
	176,111	186,164

## **OTHER INFORMATION**

### **RESULTS AND DIVIDENDS**

The results of the Group for the Year are set out in the consolidated income statement. An interim dividend of HK10.5 cents and a special dividend of HK4.2 cents (2020/21: interim dividend of HK9.0 cents) per ordinary share, representing a total payout of approximately HK\$105,623,000 was paid by the Company on 8 February 2022. The Board has resolved to recommend payment of the final dividend of HK12.0 cents per share to shareholders whose names appear on the register of members of the Company on Tuesday, 11 October 2022 which will be paid on or around Monday, 24 October 2022, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on Thursday, 29 September 2022. Taking into account of the interim and special dividend payment, the total dividend for the Year would amount to HK26.7 cents (2020/21: HK24.2 cents) per ordinary share, totaling approximately HK\$191,784,000 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, 29 September 2022 will be closed from Monday, 26 September 2022 to Thursday, 29 September 2022, 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 Friday, 23 September 2022.

Subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on Thursday, 29 September 2022, 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, 11 October 2022 and the register of members of the Company will be closed from Friday, 7 October 2022 to Tuesday, 11 October 2022, (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 Thursday, 6 October 2022.

### **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 3,797,000 shares of the Company at a total consideration of about HK\$10,215,000. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the Year.

## OTHER INFORMATION

### **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 C.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 have been in compliance with the required standard set out in the Model Code during the year ended 30 April 2022.

### **REVIEW OF FINANCIAL STATEMENTS**

The Audit Committee has reviewed the consolidated financial statements for the year ended 30 April 2022. The figures in respect of the Group’s consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 30 April 2022 as set out in the preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s draft consolidated financial statements for the year ended 30 April 2022. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

### **PUBLICATION**

The annual results announcement of the Company for the year ended 30 April 2022 published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.ihr.com.hk](http://www.ihr.com.hk)) respectively. The 2022 annual report will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

## OTHER INFORMATION

### **APPRECIATION**

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

By order of the Board of  
**International Housewares Retail Company Limited**  
**NGAI Lai Ha**

*Chairman and Chief Executive Officer*

Hong Kong, 28 July 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.*