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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 2018

The board of directors (the "**Board**" or "**Directors**") of International Housewares Retail Company Limited (the "**Company**" or "**we**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 30 April 2018 (the "**Year**") prepared in accordance with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**" and the "**Stock Exchange**" respectively), together with comparative figures for the financial year ended 30 April 2017 ("**2016/17**").

HIGHLIGHTS

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

Notes:

1. *Comparative figures for the financial year ended 30 April 2017 are shown as 2016/17 in brackets.*
2. *Comparable store sales growth represents a comparison between the store sales of those stores that were open throughout the years being compared.*

CORPORATE PROFILE

Established in 1991, the Group is the largest houseware retail chain in Hong Kong, Singapore and Macau[1]. The Group offers quality houseware, trendy and lifestyle personal products through an extensive retail network comprising 353 stores in Hong Kong, Singapore, Macau, East Malaysia, Cambodia, Australia and Vietnam under renowned brands including Japan Home Centre (日本城), Japan Home (日本の家) , 123 by ELLA, and City Life (生活提案). Supported by extensive sourcing channels and high-margin private label products, the Group is able to provide customers with a full range of houseware, trendy and lifestyle personal items at competitive prices, giving them "one-stop" shopping convenience.

FINANCIAL PERFORMANCE

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2018, the Group maintained a strong financial position with cash and cash equivalents of HK$386,013,000 (30 April 2017: HK$403,753,000), after considerations for acquisitions of certain property assets were paid. Most of the Group's cash and bank deposits were denominated in Hong Kong dollars, and were deposited with major banks in Hong Kong with maturity dates falling within three months.

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

Note:

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

OPERATING EFFICIENCIES

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

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

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

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

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

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

Note:

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

DISTRIBUTION NETWORK

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

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

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

HUMAN RESOURCES

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

OPERATIONAL REVIEW BY BUSINESS SEGMENT

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

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

OPERATIONAL REVIEW BY GEOGRAPHICAL LOCATION

Operations Review – Hong Kong

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

Operations Review – Singapore

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

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

Operations Review – Macau

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

Note:

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

LOOKING FORWARD

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

Well-established corporate culture

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

Innovative management team

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

Keep enlarging share in the houseware retail market

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

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

LOOKING FORWARD (Continued)

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

The new retail business model

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

Enhancing Product Offer

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

The Group will continue to carefully manage expenses so as to maximise return on capital. Boasting a strong brand reputation built over the years, an extensive retail network, sales steadily growing, a sizeable membership base, a strengthening and optimising supply chain and ample cash flow, the Group firmly believes its business will continue to develop and it will be able to generate greater returns for shareholders.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 APRIL 2018

	Note	Year ended 30 April 2018 HK$'000	2017 HK$'000
Revenue	3	**2,230,102**	2,111,001
Cost of sales	4	**(1,187,063)**	(1,121,848)
Gross profit		**1,043,039**	989,153
Other income		**13,429**	13,098
Other loss - net		**(1,624)**	(733)
Distribution and advertising expenses	4	**(57,202)**	(53,252)
Administrative and other operating expenses	4	**(876,998)**	(851,628)
Operating profit		**120,644**	96,638
Finance income		**2,940**	1,612
Finance expenses		**(827)**	(1,004)
Finance income - net		**2,113**	608
Profit before income tax		**122,757**	97,246
Income tax expense	5	**(21,765)**	(20,750)
Profit for the year		**100,992**	76,496
Profit/(loss) attributable to:			
Owners of the Company		**104,845**	87,492
Non-controlling interests		**(3,853)**	(10,996)
		100,992	76,496
Earnings per share attributable to the owners of the Company for the year (expressed in HK cents per share)			
Basic earnings per share	6	**HK 14.6 cents**	HK 12.2 cents
Diluted earnings per share	6	**HK 14.6 cents**	HK 12.2 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2018

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

CONSOLIDATED BALANCE SHEET
AS AT 30 APRIL 2018

	Note	As at 30 April 2018 HK$'000	2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**134,097**	105,145
Investment property		**10,534**	12,980
Intangible assets		**27,724**	27,229
Deferred income tax assets		**7,186**	6,678
Non-current prepayment and deposits	8	**98,668**	78,282
		278,209	230,314
Current assets			
Inventories		**275,747**	252,842
Trade and other receivables	8	**73,423**	71,285
Amount due from shareholders		**726**	465
Income tax recoverable		**1,397**	1,555
Pledged bank deposits		**-**	6,067
Bank deposits with initial terms of over three months		**392**	389
Cash and cash equivalents		**386,013**	403,753
		737,698	736,356
Total assets		**1,015,907**	966,670
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital and share premium		**581,758**	581,565
Reserves		**146,067**	125,960
		727,825	707,525
Non-controlling interests		**300**	(6,637)
Total equity		**728,125**	700,888

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 APRIL 2018

	Note	As at 30 April **2018** HK$'000	2017 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**3,016**	2,741
Loan due to a non-controlling shareholder of a subsidiary		**285**	572
Provision for reinstatement cost	9	**2,905**	3,007
Borrowings		**618**	759
		6,824	7,079
Current liabilities			
Trade and other payable	9	**221,983**	211,721
Amount due to a non-controlling shareholder of a subsidiary		**276**	260
Loans due to non-controlling shareholders of subsidiaries		**1,813**	485
Borrowings		**32,391**	21,667
Current income tax liabilities		**24,495**	24,570
		280,958	258,703
Total liabilities		**287,782**	265,782
Total equity and liabilities		**1,015,907**	966,670

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

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

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY 1-1111, Cayman Islands.

The Group is controlled by Hiluleka Limited (incorporated in the British Virgin Islands). The ultimate controlling parties of the Group are Mr. Lau Pak Fai, Peter and Ms. Ngai Lai Ha.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 27 July 2018.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") and the requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, except for investment properties which were measured at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

(i) New and amended standards adopted by the group.

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

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

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

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

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

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

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

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

HKFRS 9, 'Financial instruments'

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

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

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

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

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

HKFRS 9, 'Financial instruments' (Continued)

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

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

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

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

HKFRS 15, 'Revenue from contracts with customers'

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

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

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

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

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

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

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

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

HKFRS 16, 'Leases'

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

The accounting for lessors will not significantly change.

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

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

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 has determined the operating segments based on these reports.

The executive directors considered the nature of the Group's business and determined that the Group has three reportable operating segments as follows:

(i) Retail*

(ii) Wholesales

(iii) Licencing and others

The executive directors assess the performance of the operating segments based on revenue and gross profit percentage of each segment. As the Group's resources are integrated and there are no discrete operating segment assets and liabilities for the retail and wholesales business segments, accordingly, no operating segment assets and liabilities are presented.

* Including consignment sales commission income.

The segment information provided to the executive directors for the reportable segments for the year ended 30 April 2018 is as follows:

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

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

3 Segment information (Continued)

The segment information provided to the executive directors for the reportable segments for the year ended 30 April 2017 is as follows:

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

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

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

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

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

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

3 Segment information (Continued)

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

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

The amounts provided to the executive directors with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

4 Expenses by nature

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

5 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	Year ended 30 April 2018 HK$'000	2017 HK$'000
Current income tax		
- Hong Kong profits tax	21,819	21,815
- Overseas taxation	342	529
	22,161	22,344
(Over)/under provision in prior years		
- Hong Kong profits tax	(57)	(1,163)
- Overseas taxation	53	-
	(4)	(1,163)
Deferred income tax	(392)	(431)
	21,765	20,750

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 2018 HK$'000	2017 HK$'000
Profit attributable to owners of the Company	104,845	87,492
Weighted average number of ordinary shares in issue (in thousands) (Note (i))	716,704	716,060
Basic earnings per share attributable to owners of the Company (HK cents per share)	14.6	12.2

Note (i):

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

6 Earnings per share (Continued)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

	Year ended 30 April	
	2018	2017
	HK$'000	HK$'000
Profit attributable to owners of the Company	104,845	87,492
Weighted average number of ordinary shares in issue (in thousands)	716,704	716,060
Adjustments for:		
- Share options and share awards (in thousands)	2,750	1,833
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	719,454	717,893
Diluted earnings per share attributable to owners of the Company (HK cents per share)	14.6	12.2

7 Dividend

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

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

8 Trade and other receivables

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

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

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

	As at 30 April	
	2018	2017
	HK$'000	HK$'000
Up to 3 months	6,633	9,010
3 to 6 months	-	-
6 to 12 months	2,463	2,580
	9,096	11,590
Less: provision for impairment of receivables	(2,463)	(2,463)
	6,633	9,127

As of 30 April 2018, trade receivables of HK$1,793,000 (2017: HK$1,540,000) were past due but not impaired. These relate to a number of independent franchisees and customers for whom there is no recent history of default. The ageing analysis of these trade receivables based on invoice dates is as follows:

	As at 30 April	
	2018	2017
	HK$'000	HK$'000
Up to 3 months	1,793	1,423
3 to 6 months	-	-
6 to 12 months	-	117
	1,793	1,540

8 Trade and other receivables (Continued)

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

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

The creation and release of provision for impaired receivables has been included in "administrative and other operating expenses" in the consolidated income statement (Note 4). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the carrying values of each class of receivable (excluding prepayments) mentioned above. The Group does not hold any collateral as security.

9 Trade and other payables and provision for reinstatement cost

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

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

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

OTHER INFORMATION

DIVIDENDS

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company for the forthcoming annual general meeting of the Company to be held on Wednesday, 26 September 2018 will be closed from Wednesday, 19 September 2018 to Wednesday, 26 September 2018, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the forthcoming annual general meeting of the Company, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 18 September 2018.

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

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

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

Besides, the share award scheme of the Company was adopted by the Board on 24 July 2015 "Share Award Scheme". The trustee of the Share Award Scheme, pursuant to the rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 1,120,000 shares of the Company at a total consideration of about HK$1.6 million.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the Year.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Listing Rules. The Directors recognise the importance of good corporate governance in the management of the Group. The Board will review and monitor the corporate governance practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company. The Board is of the view that the Company has met the code provisions set out in the CG Code during the year ended 30 April 2018.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry with all of the Directors, Directors confirmed that they had been in compliance with the required standard set out in the Model Code during the year ended 30 April 2018.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the consolidated financial statements for the year ended 30 April 2018. 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 2018 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 audited consolidated financial statements for the year. 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 2018 is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.japanhome.com.hk) respectively. The 2018 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.

APPRECIATION

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

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

Hong Kong, 27 July 2018

As at the date of this announcement, the executive Directors are Ms. NGAI Lai Ha, Mr. LAU Pak Fai Peter, Mr. CHENG Sing Yuk and Mr. CHONG Siu Hong, and the independent non-executive Directors are Mr. MANG Wing Ming Rene, Mr. LAU Chun Wah Davy and Mr. YEE Boon Yip.