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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)**

#### **ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2021**

The board of directors (the “Board” or “Director(s)”) of International Housewares Retail Company Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 31 October 2021 (the “Period”) 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 six months ended 31 October 2020 (“2020/21”).

#### **Financial Highlights**

- With the relatively high base in the same period last year, and with the subsiding local epidemic, and, consequently, the Group’s revenue remained stable at HK\$1.3 billion (2020/21<sup>(1)</sup>: HK\$1.3 billion).
- Profit for the Period was HK\$96,104,000 (2020/21: HK\$171,567,000, which included an income of HK\$92 million from COVID-19 related subsidies and rent concessions for the six months ended 31 October 2020).
- The Group’s gross profit rose by 3.1% to HK\$616,416,000 (2020/21: HK\$597,985,000).
- As at 31 October 2021, the Group had a total of 385 stores worldwide (31 October 2020: 385).
- The Board has resolved to declare an interim dividend of 10.5 HK cents and a special dividend of 4.2 HK cents per share as a token of appreciation to our shareholders, amid the time we celebrating JHC’s 30th anniversary, for their continuing supports (2020/21: an interim dividend of 9.0 HK cents per share), representing an increase of 63%.

Note:

1. Comparative figures for the six months ended 31 October 2020 are shown as (“2020/21”) in brackets.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

International Housewares Retail Company Limited and its subsidiaries achieved satisfactory financial results and a solid financial position for the six months ended 31 October 2021. The Group continued to solidify its position as a leading houseware retail chain with a total of 385 stores worldwide.

### Financial Performance

During the same period last year, at the onset of the COVID-19 pandemic, in cooperation with its global suppliers, the Group took swift action to ensure a continuous supply of personal protection products in order to fulfill the huge customer demand, which significantly drove its overall sales in the same period last year. With this relatively high base for the same period last year and the subsiding local epidemic, the Group's revenue remained stable at HK\$1,314,301,000 (2020/21: HK\$1,321,494,000) for the Period.

The Group's gross profit rose by 3.1% to HK\$616,416,000 (2020/21: HK\$597,985,000). Leveraging its large and strong global supplier network, the Group is aiming to drive more sales and improve its gross margin through a greater assortment of FMCG categories and OEM products, with new ranges of private label products introduced across different categories as part of its strategic growth initiative. In addition, the Group was committed to enriching its private label products by improving the design and packaging, as well as advertising promotions online to increase awareness among consumers to improve its profit margin and present more modern and positive brand images, ultimately adding greater value in the long term.

Worldwide restrictive measures aimed at preventing and controlling the outbreak of COVID-19 have also led to disruption in the supply chain, factory shutdowns, postponements of ocean and air freight, and the city lockdown, all of which posed challenges to the Group's normal operations. In light of this, the Group strategically solicited purchase orders from its suppliers across different parts of the world, and also made plans to ensure additional buffers for later estimated arrival times and to increase the stockholding capacity for high-demand items, both of which resulted in an increase of inventory carrying and transportation costs. The Group continued to invest in its people and operational infrastructure during the Period in order to drive product enhancement and business development in Hong Kong and support its long-term sustainable growth, and this also led to an increase in its operating costs during the Period. With the above-mentioned expenses and the absence of subsidies from the Government of the Hong Kong SAR under the Employment Support Scheme as recorded in the same period last year, as well as an increase in operational costs due to the labor shortage in the Singapore market and the global container shipping capacity shortage, profit for the Period was HK\$96,104,000 (2020/21: HK\$171,567,000, which includes an income of HK\$92 million from COVID-19 related subsidies and rent concessions for the six months ended 31 October 2020).

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Liquidity and Financial Resources

In order to meet the challenges brought about by the pandemic, we continued to maintain a strong liquidity and cash flow position, which is of paramount importance for the Group's future development; particularly amid such uncertain economic times. As at 31 October 2021, the Group had cash and cash equivalents amounting to HK\$430,550,000 (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 maturity dates falling within three months.

It is the Group's treasury management policy to not engage in any highly leveraged or speculative derivative products and it will continue to place the majority of its surplus cash in Hong Kong dollar bank deposits with appropriate maturity periods to meet funding requirements in the future. The current ratio for the Group was 1.5 (30 April 2021: 1.5). Borrowings amounted to HK\$22,431,000 as at 31 October 2021 (30 April 2021: HK\$19,078,000). The Group was in a net cash position as at 31 October 2021. Its gearing ratio as determined by total borrowings and loans from non-controlling shareholders divided by total equity was 3.3% (30 April 2021: 2.9%).

### Human Resources

In order to ensure it is able to attract and retain staff capable of delivering outstanding performance, the Group will regularly review its remuneration packages and qualified employees will receive performance bonuses, and/or be granted share options and share awards. The performance of the individual concerned will be taken into consideration in awarding annual discretionary bonuses to employees and share options and share awards to supervisory and managerial staff.

The Group strongly believes employees are its most valuable asset. Through our reliance on them we have been able to grow and develop our business over all these years. We will continue to invest in human resources by training and upgrading the existing workforce and recruiting new talents to fit our business development plans in order to underpin our mission of sustainable development and to secure new market opportunities in the future. As at 31 October 2021, the Group had approximately 2,250 employees. Total staff costs for the Period were HK\$187,603,000 (2020/21: HK\$184,889,000).

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Distribution Network

Established in 1991, the Group is the largest houseware retail chain in Hong Kong, Singapore and Macau<sup>(1)</sup>. It offers housewares, trend-based items, and personal care, food and household FMCG through an extensive retail network comprising 385 stores in Hong Kong, Singapore, Macau, East Malaysia, Cambodia, Australia and Vietnam under renowned brands including JHC (日本城), Japan Home (日本の家), 123 by ELLA, \$SMART (多來買), City Life (生活提案) 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 general merchandise stores (“GMS”).

The cumulative brand awareness that the Group has enjoyed over the years, along with its steadily-growing extensive retail network and large global supplier network have contributed to, and will continue to contribute to, its steady business development. To achieve expansion of the physical store network within the Hong Kong market and after taking into account the Hong Kong Government’s intensified efforts to increase housing supply, the Group will continue to look for suitable locations to open new stores, particularly in newly developed residential districts and housing estates. We believe these efforts will enable us to further strengthen our leading position in the market.

The Group remains positive about its business prospects in the medium-to-long-term as well as its 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 shows the number of the Group’s stores worldwide:

	As at 31 October 2021	As at 31 October 2020	Net increase/ (decrease)
The Group’s Directly Managed Stores			
Hong Kong	320	317	3
Singapore	49	50	(1)
Macau	8	8	–
The Group’s Licensed Stores	8	10	(2)
Total	385	385	–

#### Note:

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

## **MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

### **Operational Review by Business Nature**

The Group's business segments by nature include retail, wholesale and licensing and others.

The Group's retail revenue for the Period continued to be the primary revenue driver. In addition, the Group continued to increase the variety of product offerings to help capture additional market opportunities and expand its customer base. These endeavors contributed to the retail revenue reaching HK\$1,305,512,000 (2020/21: HK\$1,316,544,000), which also included consignment sales commission income, accounting for 99.3% (2020/21: 99.6%) of the Group's total revenue for the Period.

The income of the wholesale, licensing and others together increased to HK\$8,789,000 for the Period (2020/21: HK\$4,950,000) .

### **Operational Review by Geographical Locations**

#### **Operational Review – Hong Kong**

Hong Kong remained the Group's key market, accounting for 88.4% (2020/21: 90.0%) of its total revenue.

With personal protection products such as face masks, hand sanitizers and disinfectant in short supply in the same period last year, the Group quickly established its own mask factory to produce protective face masks under the private brand of "SMILE 365". More critically, in cooperation with its global suppliers, the Group took swift action to ensure a continuous supply of personal protection products in order to fulfill the huge customer demand, which significantly drove its overall sales in the same period last year. With the relatively high base in the same period last year and the subsiding local epidemic, the revenue from Hong Kong for the Period remained stable at HK\$1,161,893,000 (2020/21: HK\$1,189,855,000).

Meanwhile, the Group has continuously endeavored to attract new customers by enhancing its product offerings from global brand suppliers under the personal care, food and FMCG categories. In the meantime, the support of the revenue drivers under the brands of 123 by ELLA and Day Day Store (日記士多) in the Hong Kong market provided the Group with a more stable revenue source.

#### **Operational Review – Singapore**

Despite the epidemic in Singapore impacting Singapore's economy, particularly the weak retail sector, we remained committed to being well prepared for the return of customers. The revenue for the Period, as expressed in Hong Kong dollars, surged to HK\$129,682,000 (2020/21: HK\$107,688,000), representing an increase of 20.4%. Despite the adverse effect of the pandemic on the wages and employment of overseas workers in the Singapore market, the Group's business there still achieved a profit-making position for the Period. Singapore remains a strategic market and the Group is hopeful that the market will sustain continuous growth and profitability.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Operational Review – Macau

The Group's operation in Macau was still achieving profitability and continued to deliver satisfactory results for the Period. It recorded revenue of HK\$22,726,000 (2020/21: HK\$23,951,000).

### Prospects

With all sorts of complexities and uncertainties now part of the new normal, the Group is benefited by the fact that many of the products it offers are affordable household necessities with a steady demand and without significant fluctuation regardless of changes in overall market conditions. The Group aims to become a more responsive and flexible entity that is able to adapt to unpredictable changes and is armed with stronger fundamentals to solidify and grow its business.

The Group's focus continues to be on Hong Kong, Singapore and Macau. The Group seeks to further drive sales and enhance its gross margin through a greater assortment of FMCG categories and OEM products, with new ranges of private label products across different categories as part of its strategic growth initiative. The Group is also committed to enriching its products by improving the design and packaging as well as advertising promotions through online channels to improve its profit margin, create more modern and positive brand images and, ultimately, add long-term value. To enrich its product assortment by actively exploring new product categories including food, 3C products and smart living products, the Group will continue to stay alert to market trends and swiftly respond to customers' needs and changing appetites as it has in recent years. Gradually, steadily and surely, we have transformed into an omni-channel retail chain of general merchandise stores ("GMS").

In addition, the Group will continue to optimize product mix, provide well-defined areas for each product category, and improve space management in order to increase its sales so as to grow its sales for each physical store. In addition, we shall be more focused on sales efficiency by better deployment of our sales and marketing resources and sales uplift analysis for each promotion and marketing event.

In our continued efforts to create a superior seamless online shopping experience for our customers, the Group received a gold award 2021- top 10 quality e-shops under quality e-shop recognition scheme, introduced by Hong Kong Retail Management Association. In addition, the Group launched an ERP system and is currently executing a major revamp of both retail stores and JHC eshop to merge our offline and online platforms, which will ensure a full integration of inventory records between our e-platform and physical stores. The Group has also broadened its online presence by collaborating with Foodpanda mall and Yoho, two leading e-commerce retailers in Hong Kong. We expect to expand upon future collaboration opportunities with third parties to foster the development of our business and operation, aiming to offer customers greater convenience and faster delivery of a wide range of products.

Hong Kong has remained the Group's key market and the Group intends to continue to focus on this geographic market in the future. To achieve expansion of the physical store network within the Hong Kong market and after taking into account the Hong Kong Government's intensified efforts to increase housing supply, the Group will continue to look for suitable locations to open new stores, particularly in newly developed residential districts and housing estates. We believe these efforts will enable us to further strengthen our leading position in the market. The Group expects that "JHC" will continue to maintain its leading position in Hong Kong, and that its e-platform will become a growth engine in the years to come. Going forward, the Group sees opportunities and potential for its growth and expansion.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 31 OCTOBER 2021**

		Unaudited six months ended 31 October	
	Note	2021 HK\$'000	2020 HK\$'000
Revenue	4	1,314,301	1,321,494
Cost of sales		(697,885)	(723,509)
Gross profit		616,416	597,985
Other income		29,509	99,446
Other losses, net		(813)	(232)
Distribution and advertising expenses		(32,618)	(30,484)
Administrative and other operating expenses		(493,024)	(466,810)
Operating profit	5	119,470	199,905
Finance income		327	2,314
Finance costs		(8,704)	(10,087)
Profit before income tax		111,093	192,132
Income tax expense	6	(14,989)	(20,565)
Profit for the period		96,104	171,567
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Currency translation differences		261	2,374
Total comprehensive income for the period		96,365	173,941
Profit for the period attributable to:			
Owners of the Company		95,141	169,385
Non-controlling interests		963	2,182
		96,104	171,567
Total comprehensive income for the period attributable to:			
Owners of the Company		95,472	171,673
Non-controlling interests		893	2,268
		96,365	173,941
Earnings per share attributable to owners of the Company (expressed in HK cents per share)	7		
Basic earnings per share		13.26	23.70
Diluted earnings per share		13.19	23.56

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

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET  
AS AT 31 OCTOBER 2021**

	Note	Unaudited 31 October 2021 HK\$'000	Audited 30 April 2021 HK\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		191,761	191,208
Right-of-use assets		475,713	508,605
Investment properties		41,126	40,567
Intangible assets		33,391	35,430
Deferred income tax assets		8,591	5,666
Financial assets at fair value through profit or loss		23,310	-
Prepayments and deposits	8	53,456	44,043
		<u>827,348</u>	<u>825,519</u>
		-----	-----
<b>Current assets</b>			
Inventories		355,467	374,830
Trade and other receivables, prepayments and deposits	8	129,077	108,422
Bank deposits with initial terms of over three months		388	388
Cash and cash equivalents		430,550	428,459
		<u>915,482</u>	<u>912,099</u>
		-----	-----
<b>Total assets</b>		<u><u>1,742,830</u></u>	<u><u>1,737,618</u></u>



**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (Continued)**  
**AS AT 31 OCTOBER 2021**

	Note	Unaudited 31 October 2021 HK\$'000	Audited 30 April 2021 HK\$'000
<b>Equity</b>			
<b>Capital and reserve attributable to owners of the Company</b>			
Share capital and share premium		587,252	586,866
Reserves		287,565	299,610
		<u>874,817</u>	<u>886,476</u>
<b>Non-controlling interests</b>		7,713	6,820
		<u>882,530</u>	<u>893,296</u>
		-----	-----
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		835	865
Provision for reinstatement costs		3,516	4,021
Lease liabilities		229,978	221,718
		<u>234,329</u>	<u>226,604</u>
		-----	-----
<b>Current liabilities</b>			
Trade and other payables	9	269,073	244,072
Contract liabilities	9	15,084	7,166
Loans due to non-controlling shareholders of a subsidiary		6,777	6,681
Borrowings		22,431	19,078
Lease liabilities		261,281	305,494
Current income tax liabilities		51,325	35,227
		<u>625,971</u>	<u>617,718</u>
		-----	-----
<b>Total liabilities</b>		<u>860,300</u>	<u>844,322</u>
		-----	-----
<b>Total equity and liabilities</b>		<u>1,742,830</u>	<u>1,737,618</u>
		=====	=====

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 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 houseware products, licensing of franchise rights and provision of management services.

The Company is a limited liability company incorporated in Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, 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.

This condensed consolidated interim financial information is presented in thousands of units of Hong Kong dollars (“HK\$’000”), unless otherwise stated. This interim financial information has been approved for issue by the Board of Directors on 23 December 2021.

This condensed consolidated interim financial information has been reviewed, but not audited.

### 2 Basis of presentation

The condensed consolidated interim financial information for the six months ended 31 October 2021 has been prepared in accordance with Hong Kong Accounting Standards (“HKAS”) 34, “Interim financial reporting” issued by Hong Kong Institute of Certified Public Accountants.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 30 April 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

### 3 Principal accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 30 April 2021, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

#### (a) Amended standards adopted by the Group

The Group has applied the following amended standards for the first time for the current reporting period beginning 1 May 2021:

HKFRS 9, HKAS 39, HKFRS 7 and HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform (Phase 2)
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The amendment to standards did not have material impact on the Group’s accounting policies and did not require any adjustments.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(Continued)**

**3 Principal accounting policies (Continued)**

**(b) Impact of new and amended standards, interpretation and accounting guideline issued but not yet applied by the Group**

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

		Effective for accounting period beginning on or after
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41 (Amendments)	Annual Improvements to HKFRS Standards 2018 to 2020	1 January 2022
Accounting Guideline 5 (Amendments)	Merger Accounting for Common Control Combinations	1 January 2022
HKAS 16 (Amendments)	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17 (Amendments)	Amendments to HKFRS 17	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 Assets and Liabilities arising from a Single Transaction	1 January 2023
HK Interpretation 5 (2020)	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 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 CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(Continued)**

**4 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.

During the six months ended 31 October 2020, the Group had three operating segments, namely (i) Retail; (ii) Wholesales and (iii) Licencing and others.

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

- (i) Retail - Hong Kong and Macau\*  
Retail - Singapore\*
- (ii) Wholesales, licencing and others

The impact of the abovementioned change in the Group's reportable operating segments for the period ended 31 October 2020 is considered retrospectively and the Group's operating segment information is restated as if the Group had been operating as two operating segments in that period.

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

\* Including consignment sales commission income.

The segment information provided to the executive directors for the reportable segments for the six months ended 31 October 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)	1,175,830	129,682	8,789	1,314,301
Cost of sales	(617,339)	(75,124)	(5,422)	(697,885)
Segment results	558,491	54,558	3,367	616,416
Gross profit %**	47.50%	42.07%	38.31%	46.90%
Other income				29,509
Other losses, net				(813)
Distribution and advertising expenses				(32,618)
Administrative and other operating expenses				(493,024)
Operating profit				119,470
Finance income				327
Finance costs				(8,704)
Profit before income tax				111,093
Income tax expense				(14,989)
Profit for the period				96,104

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(Continued)**

**4 Segment information (Continued)**

The segment information provided to the executive directors for the reportable segments for the six months ended 31 October 2020 as restated 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)	1,208,856	107,688	4,950	1,321,494
Cost of sales	(650,551)	(69,725)	(3,233)	(723,509)
Segment results	558,305	37,963	1,717	597,985
Gross profit %**	46.18%	35.25%	34.69%	45.25%
Other income				99,446
Other losses, net				(232)
Distribution and advertising expenses				(30,484)
Administrative and other operating expenses				(466,810)
Operating profit				199,905
Finance income				2,314
Finance costs				(10,087)
Profit before income tax				192,132
Income tax expense				(20,565)
Profit for the period				171,567

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

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the six months ended 31 October 2021 and 2020. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The retail sales include sales of goods of HK\$1,303,353,000 (2020/21: HK\$1,313,825,000), revenue arising from customer loyalty programme of HK\$1,348,000 (2020/21: HK\$1,705,000) and consignment sales commission of HK\$811,000 (2020/21: HK\$1,014,000).

The revenue from the Group's largest customer accounted for less than 10% of the Group's total revenue for the six months ended 31 October 2021 and 2020.

All of the Group's revenues are recognised at a point in time for the six months ended 31 October 2021 and 2020.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(Continued)**

**4 Segment information (Continued)**

The following tables present segment assets and liabilities as at 31 October 2021 and 30 April 2021 respectively:

	As at 31 October 2021			
	Retail		Wholesales, licencing and others HK\$'000	Total HK\$'000
	Hong Kong and Macau HK\$'000	Singapore HK\$'000		
Segment assets	1,074,140	156,980	6,105	1,237,225
Segment liabilities	707,114	88,417	5,832	801,363

  

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

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

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

	As at	
	31 October 2021 HK\$'000	30 April 2021 HK\$'000
Segment assets	1,237,225	1,262,538
Investment properties	41,126	40,567
Prepayment for purchase of intangible assets	1,296	-
Prepayment for purchase of property, plant and equipment	344	-
Deferred income tax assets	8,591	5,666
Bank deposits with initial terms of over three months	388	388
Financial assets at fair value through profit or loss	23,310	-
Cash and cash equivalents	430,550	428,459
Total assets	1,742,830	1,737,618

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(Continued)**

**4 Segment information (Continued)**

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

	As at	
	31 October 2021	30 April 2021
	HK\$'000	HK\$'000
Segment liabilities	801,363	801,549
Deferred income tax liabilities	835	865
Loans due to non-controlling shareholders of a subsidiary	6,777	6,681
Current income tax liabilities	51,325	35,227
	<u>860,300</u>	<u>844,322</u>
Total liabilities	<u><u>860,300</u></u>	<u><u>844,322</u></u>

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

	Six months ended 31 October	
	2021	2020
	HK\$'000	HK\$'000
Hong Kong	1,161,893	1,189,855
Singapore	129,682	107,688
Macau	22,726	23,951
	<u>1,314,301</u>	<u>1,321,494</u>
	<u><u>1,314,301</u></u>	<u><u>1,321,494</u></u>

Non-current assets, other than intangible assets, financial assets at fair value through profit or loss and deferred income tax assets, of the Group are located as follows:

	As at	
	31 October 2021	30 April 2021
	HK\$'000	HK\$'000
Hong Kong	570,725	583,387
Mainland China	51,762	51,458
Singapore	81,242	93,907
Macau	58,327	55,671
	<u>762,056</u>	<u>784,423</u>
	<u><u>762,056</u></u>	<u><u>784,423</u></u>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(Continued)**

**5 Operating profit**

The following items have been charged to the operating profit during the period:

	Six months ended 31 October	
	2021 HK\$'000	2020 HK\$'000
Employee benefit expenses (including directors' emoluments)	187,603	184,889
Short-term lease expense	28,493	26,243
Depreciation of property, plant and equipment	14,999	14,005
Depreciation of right-of-use assets	173,464	170,072
Amortisation of intangible assets	1,820	2,538
Write down of inventories	1,732	4,024
Loss on disposal of property, plant and equipment	842	402
Net exchange loss	1,872	19
	<u>1,872</u>	<u>19</u>

**6 Income tax expense**

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit. Overseas profits tax has been provided at the standard tax rate of the respective entities according to local tax laws.

	Six months ended 31 October	
	2021 HK\$'000	2020 HK\$'000
Hong Kong profits tax		
- Current period	17,623	20,208
Overseas taxation		
- Current period	330	466
- Over-provision in prior periods	-	(8)
	<u>17,953</u>	<u>20,666</u>
Deferred income tax	(2,964)	(101)
	<u>14,989</u>	<u>20,565</u>



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(Continued)**

**7 Earnings per share**

**(a) Basic**

The calculation of basic earnings per share is based on the consolidated profit attributable to owners of the Company and on the weighted average number of shares in issue during the period.

	Six months ended 31 October	
	2021	2020
Profit attributable to owners of the Company (HK\$'000)	95,141	169,385
Weighted average number of shares in issue ('000)	717,478	714,777
Basic earnings per share (HK cents per share)	13.26	23.70

**(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 Company has two categories of dilutive potential ordinary share: share options and share awards. The number of shares that would have been issued assuming the vesting of share awards and 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.

	Six months ended 31 October	
	2021	2020
Profit attributable to owners of the Company (HK\$'000)	95,141	169,385
Weighted average number of shares for diluted earnings per share ('000)	721,432	718,802
Diluted earnings per share (HK cents per share)	13.19	23.56

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(Continued)**

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

	As at	
	31 October 2021 HK\$'000	30 April 2021 HK\$'000
Trade receivables, net	20,420	9,362
Prepayments	25,888	9,586
Deposits and other receivables	136,225	133,517
	<u>182,533</u>	<u>152,465</u>
Less: non-current portion		
Deposits	(51,816)	(44,043)
Prepayment for purchase of intangible assets	(1,296)	-
Prepayment for purchase of property, plant and equipment	(344)	-
	<u>(53,456)</u>	<u>(44,043)</u>
	-----	-----
Current portion	<u>129,077</u>	<u>108,422</u>

The Group conducts sales to customers on a cash-on-delivery basis for retail sales. The balance at period end represents credit card receivables and receivables from wholesales customers. At 31 October 2021 and 30 April 2021, the ageing analysis of trade receivables based on invoice date is as follows:

	As at	
	31 October 2021 HK\$'000	30 April 2021 HK\$'000
Up to 3 months	20,358	9,253
4-12 months	62	109
	<u>20,420</u>	<u>9,362</u>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(Continued)**

**9 Trade and other payables and contract liabilities**

	As at	
	31 October 2021 HK\$'000	30 April 2021 HK\$'000
<b>Trade and other payables</b>		
Trade payables	217,918	186,164
Other payables and accruals	43,690	47,522
Deposits received	19	19
Provision for employee benefits	7,446	10,367
	<u>269,073</u>	<u>244,072</u>
<b>Contract liabilities</b>		
Receipts in advance and cash coupons	11,638	3,711
Deferred revenue arising from customer loyalty programs	3,446	3,455
	<u>15,084</u>	<u>7,166</u>

(a) The carrying values of trade and other payables approximate their fair values as at 31 October 2021 and 30 April 2021.

(b) The ageing analysis of trade payables based on invoice date are as follows:

	As at	
	31 October 2021 HK\$'000	30 April 2021 HK\$'000
0-30 days	158,650	121,458
31-60 days	49,098	47,684
61-90 days	7,756	13,478
91-120 days	2,414	3,544
	<u>217,918</u>	<u>186,164</u>

**10 Dividends**

In the current period, the final and special dividends totaling HK\$109,038,000 in relation to the year ended 30 April 2021 was declared and paid.

On 23 December 2021, the Board resolved to declare an interim dividend of 10.5 HK cents and a special dividend of 4.2 HK cents per share (2020/21: 9.0 HK cents) per share, totaling approximately HK\$105,600,000 (2020/21: HK\$64,500,000). The proposed dividend has not been recognised as a liability in this interim financial information but will be reflected as an appropriation of retained profits for the year ending 30 April 2022.

## **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.

The Board is of the view that the Company has met the code provisions set out in the CG Code, except that there is no separation of the roles of Chairman and Chief Executive Officer as stipulated in the code provision A.2.1 of the CG Code. Currently, Ms. Ngai Lai Ha is both the Chairman and the Chief Executive Officer of the Company. As Ms. Ngai is one of the founders of the Group, the Board believes that it is in the best interest of the Group to have Ms. Ngai taking up both roles for continuous effective management of the Board and the business development of the Group.

### **Review of Financial Statements**

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors with written terms of reference in accordance with the requirements of the Listing Rules, and reports to the Board. The Audit Committee has reviewed and discussed with the management the unaudited interim results of the Group for the Period. In addition, PricewaterhouseCoopers as the Company’s auditor has reviewed the unaudited interim results of the Group for the Period in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

### **Compliance with the Model Code for Securities Transactions**

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, the Directors confirmed that they had been in compliance with the required standard set out in the Model Code throughout the Period.

### **Purchase, Sale or Redemption of the Company’s Listed Securities**

The Company’s share award scheme was adopted by the Board on 24 July 2015 (the “Share Award Scheme”). The trustee of the Share Award Scheme, pursuant to the rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 1,465,000 shares of the Company at a total consideration of approximately HK\$3,995,000. 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 Period.

### **Interim Dividend and Special Dividend**

The Board has resolved to declare an interim dividend of 10.5 HK cents and a special dividend of 4.2 HK cents per share (2020/21: interim dividend of 9.0 HK cents per share), representing a total payout of approximately HK\$105,600,000 (2020/21: approximately HK\$64,500,000). Shareholders whose names appear on the register of members of the Company on Friday, 14 January 2022 will be entitled to the interim and special dividends which will be paid on or around Tuesday, 8 February 2022.

## **OTHER INFORMATION (Continued)**

### **Closure of Register of Members**

The register of members of the Company will be closed from Tuesday, 11 January 2022 to Friday, 14 January 2022, (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for an interim dividend and a special dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, 10 January 2022.

### **Publication**

The interim results announcement of the Company for the six months ended 31 October 2021 is 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 2021/22 interim 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 all of our management team members and staff for their commitment and contributions. I also greatly appreciate the constant support of our customers, business partners and shareholders. We shall be grateful for your continuing trust and support in the years to come.

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

Hong Kong, 23 December 2021

*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.*