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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)

DISCLOSEABLE TRANSACTION LEASE OF WAREHOUSE PREMISES

The Board announces that on 21 October 2022, the Tenant (a wholly-owned subsidiary of the Company) accepted the Leasing Proposals provided by the Landlord (an Independent Third Party) for the lease of the Warehouse Premises.

As one of the applicable percentage ratios (as defined in the Listing Rules) for the lease transactions under the Leasing Proposals in aggregate is more than 5% but less than 25%, the transactions contemplated under the Leasing Proposals in aggregate constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under the Listing Rules.

BACKGROUND

The Board announces that on 21 October 2022, the Tenant (a wholly-owned subsidiary of the Company) accepted the Leasing Proposals provided by the Landlord (an Independent Third Party) for the lease of the Warehouse Premises.

LEASING PROPOSALS

Principal terms of the Leasing Proposals are as follows:

Date: 21 October 2022

Parties: Landlord: ATL Logistics Centre Hong Kong Limited

Tenant: Japan Home Centre (H.K.) Limited, a wholly-owned subsidiary of the Company

Warehouse Premises: Gridlines 10001W-10006W and 10001E-10006E on 10/F, ATL Logistics Centre B

Term:	Fixed term of 60 months from 1 April 2023 to 31 March 2028 (both days inclusive) with 3 months rent-free period and fixed term of 12 months from 1 April 2028 to 31 March 2029 (both days inclusive) respectively
Total consideration and Security deposit:	The total consideration payable under the fixed terms of the Leasing Proposals amounts to approximately HK\$107million, with a security deposit amounts to approximately HK\$5.4million, which will be satisfied by internal resources of the Group.

INFORMATION ABOUT THE PARTIES

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

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Landlord's principal activities are the operation of cargo handling and storage facilities and each of the Landlord and its ultimate beneficial owners is an Independent Third Party.

THE RIGHT-OF-USE ASSETS

The value of the right-of-use assets under the Leasing Proposals in aggregate to be recognised by the Group according to HKFRS 16 amounts to approximately HK\$95 million (unaudited), representing the present value of the lease payments payable under the fixed terms of the Leasing Proposals in aggregate.

REASONS FOR AND BENEFITS OF THE LEASING PROPOSALS

The Group operates over 370 retail stores in Hong Kong, Singapore and Macau. To pave the way for its transformation into an omni-channel retail chain of convenience general merchandise stores, the Group has been enriching its product categories and hence requiring additional warehouse and distribution facilities. One of tenancy agreements for the lease of the warehouse premise in Hong Kong is due to expire. The Warehouse Premises is located in a logistics centre adjacent to the container terminal in Kwai Chung. Its location, features and facilities as a whole is in line with the Group's future development plan. The Group's management believes that it will provide an environment in which it shall be better able to improve our operation efficiency, and the 6-year term in aggregate is long enough to ensure an acceptable return on its investment for leasehold improvement.

The terms of the Leasing Proposals, including the rent, were determined after arm's length negotiations between the Tenant and the Landlord and with reference to the prevailing market rent of comparable premises in nearby locations. The Board considers that the terms of the Leasing Proposals are on normal commercial terms, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Landlord and the Tenant will enter into formal tenancy agreements in respect of the leasing under the Leasing Proposals.

IMPLICATIONS UNDER LISTING RULES

The lease transactions under the Leasing Proposals are transactions involving acquisition of assets as defined under Rule 14.04(1)(a) of the Listing Rules. In accordance with HKFRS 16 “Leases”, the Group will recognise the present value of the lease payments under the fixed terms of the Leasing Proposals in aggregate as right-of-use assets in its consolidated financial statements.

As one of the applicable percentage ratios (as defined in the Listing Rules) for the lease transactions under the Leasing Proposals in aggregate is more than 5% but less than 25%, the transactions contemplated under the Leasing Proposals in aggregate constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

“Board”	board of directors of the Company
“Company”	International Housewares Retail Company Limited, a company incorporated under the laws of the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange;
“Director(s)”	directors of the Company
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards
“Independent Third Party”	third party independent of the Company and its Connected Persons (as defined under the Listing Rules)
“Landlord”	ATL Logistics Centre Hong Kong Limited, a company incorporated in Hong Kong with limited liability
“Leasing Proposals ”	the leasing proposals for the lease of the Warehouse Premises with a fixed term of 60 months commencing on 1 April 2023 and a fixed term of 12 months commencing on 1 April 2028 made by the Landlord and accepted by the Tenant on 21 October 2022 respectively
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Warehouse Premises”	Gridlines 10001W-10006W and 10001E-10006E on 10/F, ATL Logistics Centre B
“Tenant”	Japan Home Centre (H.K.) Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of the Company

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

Hong Kong, 21 October 2022

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