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 2023

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 2023 (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 2022 ("2021/22").

HIGHLIGHTS

- The Group's revenue ranked the second highest on record of HK$2,825,994,000 (2021/22: HK$2,920,775,000) [1], which turned to a 3.2% decline against a high base of last financial year caused by the surging demand for anti-pandemic supplies during the fifth wave of the COVID-19 epidemic in Hong Kong.

- The Group's has recorded of HK$181,875,000 profit for the Year. Compared to the pre-pandemic financial year ended 30 April 2019, profit for the Year increased 26.7% to HK$149,938,000, which excludes an income of approximately HK$31,937,000 received from the Employment Support Scheme created by the Government of the HKSAR.

- The Group's gross profit margin increased to 46.4% (2021/22: 45.7%).

- The Group's operations in its three markets; Hong Kong, Singapore and Macau, all continued to return a profit.

- The Group maintained a strong financial position with cash and cash equivalents of HK$402,310,000 (30 April 2022: HK$416,923,000).

- The Board has resolved to recommend payment of a final dividend of HK8.0 cents and a special dividend of HK2.0 cents per share, totaling HK10.0 cents per share in celebration of the 10th listing anniversary of the Company. Together with an interim dividend of HK12.0 cents per share already paid, the total dividend for the Year would be HK22.0 cents per share (2021/22: HK26.7 cents per share).

Note:
Comparative figures for the financial year ended 30 April 2022 are shown as 2021/22 in brackets.

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE PROFILE

Established in 1991, the Group offers housewares, trend-based items, personal care, food and household FMCG through an extensive retail network comprising of over 380 stores in Hong Kong, Singapore, Macau, East Malaysia, Cambodia and Australia under renowned brands including JHC (日本城), Japan Home (日本の家), 123 by ELLA, $MART (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 reinforcing its position as an omni-channel retail chain of general merchandise stores ("GMS").

FINANCIAL PERFORMANCE

The Group has demonstrated resilience in the face of challenges posed by COVID-19 and has shown adaptability and growth in a fluctuating market. Focusing on offering affordable household necessities has been a particularly effective strategy that remains less impacted by market changes and provides a solid foundation for the business. The steps taken to optimize the product mix, enhance product offerings from global sources, and improve sales efficiency have yielded positive results. The Group achieved its second-highest revenue on record, reaching HK$2,825,994,000 (2021/22: HK$2,920,775,000). Additionally, the gross profit margin increased to 46.4% (2021/22: 45.7%), further strengthening the financial performance. The operations in the Group's key markets - Hong Kong, Singapore, and Macau - remained profitable throughout the Year. The Group's profit for the Year has returned to pre-pandemic levels, with HK$181,875,000 (2021/22: HK$220,318,000).

The Group saw the relaxation of related restrictions as an opportunity to amplify its product offerings from global sources. This strategic move has proven beneficial, as the Group is now benefiting from favorable procurement costs particularly from countries like Japan and Korea due to the strength of the Hong Kong dollar. By putting more emphasis on global sourcing and capitalizing on strong local market knowledge, the Group can further enhance its product mix. Additionally, the focus on developing original equipment manufacturer ("OEM") brands and products is a smart move to build brand loyalty and increase sales and margins.

One of the Group's enriching strategies involves the development of new private label product ranges catering to different categories. This expansion is accompanied by improvements in the design and packaging of the products, as well as the utilization of online advertising promotions, which can boost profit margins and strengthen the brand image. Furthermore, the Group's strategic initiatives include broadening the range of offerings by exploring new product categories such health and fitness products in alignment with current trends will help the Group remain competitive in the market.

Overall, the Group's proactive strategies, including global sourcing, OEM brand development, the expansion of private label product ranges and product categories in alignment with current trends, demonstrate a commitment to adaptability and growth. By focusing on meeting customer demands and enhancing the overall shopping experience, the Group is well-positioned for continued success across the markets.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2023, the Group maintained a strong financial position with cash and cash equivalents of HK$402,310,000 (30 April 2022: HK$416,923,000). The majority of the cash and bank deposits are denominated in Hong Kong dollars and are held with major banks in Hong Kong, with maturities of less than three months. This indicates that the Group prioritizes liquidity and cash flow, especially in uncertain economic times.

The Group followed a stable treasury management policy and avoided highly leveraged or speculative derivative products by distributing surplus cash mainly as Hong Kong dollar bank deposits with appropriate maturity periods to meet future funding requirements. As at 30 April 2023, the Group's current ratio was consistent at 1.5 (30 April 2022: 1.5). The total borrowings of the Group as of 30 April 2023, amount to HK$13,381,000 (30 April 2022: HK$21,767,000). The Group 's gearing ratio, as determined by total borrowings and loans from non-controlling shareholder of a subsidiary divided by total equity, was reported as 2.26% (30 April 2022: 3.20%). This contributed to the Group's net cash position.

MANAGEMENT DISCUSSION AND ANALYSIS

DISTRIBUTION NETWORK

Established in 1991, the Group offers housewares, trend-based items, personal care, food and household FMCG through an extensive retail network comprising of over 380 stores in Hong Kong, Singapore, Macau, East Malaysia, Cambodia and Australia under renowned brands including JHC (日本城), Japan Home (日本の家), 123 by ELLA, $MART (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 reinforcing its position as an omni-channel retail chain of general merchandise stores ("GMS").

The Group recognizes the cumulative brand awareness it has built over the past 30 years, as well as its growing retail network and global supplier network, as key factors contributing to its steady business development. It expects these factors to continue driving its success. Furthermore, a multi-pronged approach adopted by the HKSAR government, such as increasing residential plot ratios and maximum building heights in new development areas in the New Territories, will potentially lead to increase housing supply in a shorter time frame. This presents the Group with opportunities to open new stores and strengthen its position in the Hong Kong market.

To meet future business growth requirements, the Group has controlled rental expenses and enhanced its offerings on the JHC online platforms. By expanding the variety of durable and bulk items such as plastic boxes, furniture, and large electrical appliances, the Group aims to provide customers with a one-stop shopping experience. This inventory-sharing approach between physical stores and online platforms promotes operational efficiency and offers greater flexibility in selecting retail spaces.

Leveraging its extensive physical store network, the Group aims to establish a convenient omni-channel retail model for JHC. It maintains a positive outlook on its medium-to-long-term business prospects and has plans for further expansion in Hong Kong, Singapore, and Macau, in particular focusing on high-growth potential areas. Please refer to the table below for the number of stores worldwide:

	As at 30 April 2023	As at 31 October 2022	Net increase/ (decrease)
The Group's directly managed stores			
Hong Kong	321	320	1
Singapore	47	46	1
Macau	9	9	-
The Group's overseas licensed stores	7	6	1
Total	384	381	3

HUMAN RESOURCES

Despite facing a challenging operating environment in recent years, the Group has successfully navigated through adversity due to its solid foundation. In anticipation of a manpower shortage when Hong Kong returns to normalcy post-epidemic, the Group has made timely adjustments in manpower deployment across different stores and placed importance on attracting and retaining capable staff. The Group regularly reviews its remuneration packages and rewards qualified employees with performance bonuses, share options, and share awards. The allocation of annual discretionary bonuses and share options/awards takes into consideration the individual's performance. Additionally, the Group has embraced in-store automation technologies to release manpower and workload to help streamline tasks and raise operational efficiencies. As of 30 April 2023, the Group employed approximately 2,146 employees (30 April 2022: 2,140). The total employee benefit expenses for the Year amounted to HK$421,958,000 (2021/22: HK$405,825,000).

OPERATIONAL REVIEW BY BUSINESS SEGMENT

The Group is principally engaged in retail sales and trading of housewares, trend-based items, personal care, food and household FMCG. The retail business remained the Group's primary sales driver, generating the second-highest revenue on record. To stay competitive and meet customer demands, the Group proactively broadened its product categories and reviewed its product mix to align with current trends. Additionally, the Group increased the proportion of OEM products to capture additional market opportunities and expand its customer base. These efforts contributed to the Group achieving retail revenue of HK$2,798,792,000 (2021/22: HK$2,892,753,000), which included consignment sales commission income, accounted for 99.0% (2021/22: 99.0%) of its total revenue. The revenue from the wholesale business, licensing income and others as a whole amounted to HK$27,202,000 (2021/22: HK$28,022,000).

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL REVIEW BY GEOGRAPHICAL LOCATION

Operations Review – Hong Kong and Macau

The Group is elated to see that Hong Kong has lifted its social distancing measures and travel restrictions, which is enabling a return to normalcy. Throughout the COVID-19 pandemic, the Group was dedicated to meeting our customers' urgent needs for hygiene and health products. As a result, we are pleased to report that the Group achieved satisfactory results for FY23 and were able to maintain our level of dividend payout under such a challenging business environment.

The Group was able to meet its goals despite encountering several challenges in Q4 FY23. First, our sales softened unexpectedly due to a surge in outbound travel after the social distancing measures and travel restrictions were lifted after three years. Our merchant team responded quickly to this trend and immediately strengthened the travel products and accessories mix. Second, we also mitigated the impact of a staff shortage in our day-to-day operations by immediately reviewing remuneration packages and retention programs, providing promotion opportunities to our valued staff, and recruiting new employees. With these measures in place, we observed operational stability in Q1 FY24. Lastly, in upgrading our merchandise storage and distribution capacity to improve our supply chain efficiency, the Group experienced a temporary disruption when our warehousing and distribution facilities were restructured, which included relocating one of our distribution centers. We believe that these initiatives will benefit the long-term development of the Group. With an experienced management team, a quick market response, and our continued effort in future development, we are confident of delivering sustainable growth for our business in the years ahead.

As a successful retail chain, in addition to focusing on expanding product categories and aligning them with current trends, the Group has also continued to focus on developing OEM brands and products, so as to build brand loyalty and increase our sales and margins. As a result, revenue for the Year from Hong Kong reached its second-highest level on record, totaling HK$2,485,838,000. Apart from an unprecedented surge in demand for rapid antigen tests (RAT) during the fifth wave of Covid-19 epidemic during the last quarter of the last financial year, the Group recorded a growth of 4.5% in sales for the Year in our Hong Kong stores, with Hong Kong remaining the key market accounting for 88.0% of the group's total revenue (2021/22: 89.3%).

Looking ahead, we are confident in continuing to navigate these challenges. Our primary focus remains on aligning our offerings to market needs and ensuring a stable workforce to deliver those effectively.

On the other hand, our operations in Macau maintained profitability and delivered satisfactory results with a 9.3% increase in revenue to HK$50,878,000. (2021/22: HK$46,545,000) during the Year. This growth was primarily driven by increased sales of food and drinks as well as personal care products.

Operations Review – Singapore

We are well positioned in the Singapore market and have been focusing on providing a wide variety of products. It is impressive that we have been enriching our assortment through sourcing arms in Hong Kong, Taiwan, Guangzhou, and Yiwu, as well as enhancing cost-efficiency through warehouse facilities in China. In addition to our self-operated e-shops and third-party operated e-platforms, we deployed our EasyBuy platform at selected stores in Singapore to further expand our e-commerce operation and to meet the needs of the market. It is encouraging to see that these efforts have resulted a record-high revenue by increasing 8.9% to HK$289,278,000 (2021/22: HK$265,698,000) and gross profit rose by 12.6% to HK$124,576,000 (2021/22: HK$110,686,000) as expressed in Hong Kong dollars. Maintaining a profit-making position for the Year is certainly a positive outcome.

As part of our strategic initiative to capitalize on market opportunities, we have concentrated our efforts on tapping into new customer bases across Singapore. We have strategically opened new stores in malls situated within densely populated housing towns to drive customer footfall. We recognize the immense potential these locations offer due to their considerable population and substantial foot traffic, thereby making them ideal sites for our retail expansion.

To minimize risk and make informed decisions, we have conducted tests with pop-up stores before fully committing to permanent installations. This initiative allows us to gauge market demand better, measure customer preferences, and evaluate the viability of a potential location without substantial long-term financial commitments. Once proven successful, we can then proceed to install permanent stores.

In the crucial area of talent management, we have been able to roll out a comprehensive Management Trainee Program. This program is designed to attract promising individuals and provide them with comprehensive experience and exposure across different business operations. With this initiative, we are ensuring a continual pipeline of future leaders who are well equipped to address operational challenges effectively.

Embracing technology is an integral part of our vision to improve operational efficiency and enhance the overall customer experience. As part of this belief, we are planning to adopt various in-store automation technologies including self-checkout kiosks and digital price tags. Not only do these innovative solutions help to significantly improve our operational efficiency, but they also enhance the overall shopping experience of our esteemed customers. By streamlining operations, our team members can focus their energy on customer service and other value-added activities.

We are proactive in exploring different ways to broaden our revenue sources in the Singapore market and is therefore optimistic about its earnings prospects.

PROSPECT

Product focus: travel, wellness and healthcare, FMCG and OEM

Post-COVID-19, our merchant team has swiftly introduced relevant products to meet our customers' ever-changing needs. As mentioned above, one of the more immediate trends to the end of COVID-19 has been the significant increase in travel. As we expect the strong travel demand to persist, we will continue to increase the variety of travel products and accessories of great value accordingly.

Additionally, consumers have become more health-conscious and are willing to spend more on health and fitness products. We are committed to serving our customers by bringing affordable healthcare products of value into the market. We will continue to aggressively expand the health and wellness categories through global sourcing and collaboration with brand owners, as well as developing and adding the Group's private label products.

With our iconic JHC brand striving to combine value and convenience, we believe we will be able to better reach consumers and offer them great value-for-money product choices. Intensive effort will be placed on strengthening the supply of our consumable goods (e.g. food & drinks, personal care products, household cleaning supplies) to grow and reinforce the image of JHC as a convenience store chain capable of providing superb value for daily essential FMCG. We will surely continue to expand our global sourcing network. We believe branded consumable goods will still retain a strong demand from locals and visitors from the GBA.

As a successful retail chain, OEM products play an important role in providing a competitive advantage in the market. We will continue to focus on developing OEM brands and products, so as to build brand loyalty and increase our sales and margins. During FY23, we successfully repackaged and upgraded a number of our OEM product lines, resulting in a continuing increase in sales and margins for those items.

MANAGEMENT DISCUSSION AND ANALYSIS

Omnichannel experience

Backed by an extensive retail network, we shall press ahead with investing in both physical stores and e-platforms to make store pickup and home delivery easier. By offering customers a unique omnichannel experience, we are fostering our loyalty program. Our self-operated JHCeshop is ready to launch a new "Click & Collect" feature, promising customers an even more convenient shopping experience. It will allow online customers to view product availability at our stores and collect orders shortly at any nearby store of their choice. Furthermore, we will continue to explore opportunities in collaborating with third-party e-commerce platforms to boost our e-commerce presence to reach more customers by leveraging their strengths. We are also improving and tailoring product assortments for different e-sales channels to effectively meet target consumers.

Improving supply chain and operations with technology

We understand that technology is critical to our future success. Hence, a few years ago, we implemented our SAP ERP system and have since kept enhancing it with new features and functions, aiming to improve supply chain efficiency and productivity. Additionally, we have a number of initiatives in the pipeline, including digitalizing our price-tag and expanding self-service checkout to all the stores. To stay competitive and drive future growth, we will more actively adopt new technologies to help streamline tasks and raise operational efficiencies. We will also be looking for new tools to reach a wider pool of potential customers and to connect more closely with existing customers. The management firmly believes with the right technologies and tools, the Group will be able to accelerate business value and better seize opportunities for business development.

Our core values

As abovementioned, we will continue to pursue various initiatives to develop our business and further streamline operational efficiency and productivity, so that we may deliver value, variety, quality, and convenience as promised to our valued customers. The most valuable asset of the Company is our staff as they are crucial to the Company's success. We shall keep recruiting new talent and developing existing teams in our workforce to support continuous business growth and improve our operations.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 APRIL 2023

	Note	Year ended 30 April 2023 HK$'000	2022 HK$'000
Revenue	3	2,825,994	2,920,775
Cost of sales	4	(1,514,566)	(1,586,098)
Gross profit		1,311,428	1,334,677
Other income		49,331	51,052
Other losses, net		(12,704)	(4,948)
Distribution and advertising expenses	4	(84,490)	(74,765)
Administrative and other operating expenses	4	(1,038,111)	(1,027,901)
Operating profit		225,454	278,115
Finance income		6,071	621
Finance expenses		(17,548)	(16,723)
Finance expenses, net		(11,477)	(16,102)
Profit before income tax		213,977	262,013
Income tax expense	5	(32,102)	(41,695)
Profit for the year		181,875	220,318
Profit attributable to:			
Owners of the Company		181,571	220,822
Non-controlling interests		304	(504)
		181,875	220,318
Earnings per share attributable to the owners of the Company for the year (expressed in HK cents per share)			
Basic earnings per share	6	HK25.3 cents	HK30.8 cents
Diluted earnings per share	6	HK25.1 cents	HK30.6 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2023

	Year ended 30 April	
	2023	2022
	HK$'000	HK$'000
Profit for the year	181,875	220,318
Other comprehensive loss		
Item that may be reclassified to profit or loss		
Currency translation differences	(799)	(1,092)
Item that will not be reclassified to profit or loss		
Actuarial loss on long service payment scheme	(4,242)	-
Other comprehensive loss for the year, net of tax	(5,041)	(1,092)
Total comprehensive income for the year	176,834	219,226
Attributable to:		
Owners of the Company	176,474	219,894
Non-controlling interests	360	(668)
Total comprehensive income for the year	176,834	219,226

CONSOLIDATED BALANCE SHEET
AS AT 30 APRIL 2023

	Note	As at 30 April 2023 HK$'000	2022 HK$'000
Assets			
Non-current assets			
Property, plant and equipment		182,340	186,752
Right-of-use assets		561,830	494,706
Investment properties		37,245	36,622
Intangible assets		29,305	32,702
Deferred income tax assets		6,377	6,021
Financial asset at fair value through profit or loss		9,373	23,310
Prepayments and deposits	8	67,204	60,185
		893,674	840,298
Current assets			
Inventories		360,188	375,294
Trade and other receivables, prepayments and deposits	8	121,242	105,441
Current income tax recoverable		24	804
Cash and cash equivalents		402,310	416,923
		883,764	898,462
Total assets		1,777,438	1,738,760
Equity			
Capital and reserves attributable to the owners of the Company			
Share capital and share premium		589,517	587,483
Reserves		307,446	301,220
		896,963	888,703
Non-controlling interests		7,440	6,152
Total equity		904,403	894,855

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 APRIL 2023

	Note	As at 30 April 2023 HK$'000	2022 HK$'000
Liabilities			
Non-current liabilities			
Deferred income tax liabilities		1,203	609
Provision for reinstatement cost	9	4,495	4,194
Lease liabilities		295,268	226,683
		300,966	231,486
Current liabilities			
Trade and other payables	9	213,931	231,623
Contract liabilities	9	11,504	20,786
Loans due to a non-controlling shareholder of a subsidiary		7,065	6,873
Borrowings		13,381	21,767
Lease liabilities		280,016	281,446
Current income tax liabilities		46,172	49,924
		572,069	612,419
Total liabilities		873,035	843,905
Total equity and liabilities		1,777,438	1,738,760

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, trend-based items, personal care, food and household FMCG.

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

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

These consolidated financial statements are presented in Hong Kong dollars ("HK$") and rounded to the nearest thousand HK$ ("HK$'000"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 27 July 2023.

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.

Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622 of the Law of Hong Kong). The consolidated financial statements have been prepared under the historical cost convention, except for investment properties and financial asset at fair value through profit or loss, which were measured at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

(i) Amended standards adopted by the Group

The Group has applied the following amendments and revised accounting guideline for the first time for their annual reporting period commencing 1 May 2022:

HKFRS 3 (Amendments)	Reference to the Conceptual Framework
HKAS 16 (Amendments)	Property, Plant and Equipment - Proceeds before Intended Use
HKAS 37 (Amendments)	Onerous Contracts - Cost of Fulfilling a Contract
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations
Annual Improvement Project	Annual Improvements to HKFRSs Cycle 2018 to 2020

2 Summary of significant accounting policies (Continued)

Basis of preparation (Continued)

(ii) New and amended standards and revised interpretation issued but not yet adopted by the Group

The following new and amended standards and revised interpretation have been issued but are not effective for the Group's financial year beginning 1 May 2022 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
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
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 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenants	1 January 2024
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayments on Demand Clause	1 January 2024
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 and revised interpretation 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.

3 Segment information

The chief operating decision-maker has been identified as the executive directors of the Company. The executive directors review the Group's internal reporting in order to assess performance and allocate resources and have determined the operating segments based on these reports.

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

(i) Retail - Hong Kong and Macau*

Retail - Singapore*

(ii) Wholesales, licencing and others

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

* Including consignment sales commission income.

The segment information provided to the executive directors for the reportable segments for the year ended 30 April 2023 is as follows:

	Retail		Wholesales, licencing and others	Total
	Hong Kong and Macau	Singapore		
	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue (all from external customers)	2,509,514	289,278	27,202	2,825,994
Cost of sales	(1,331,872)	(164,702)	(17,992)	(1,514,566)
Segment results	1,177,642	124,576	9,210	1,311,428
Gross profit%**	46.93%	43.06%	33.86%	46.41%
Other income				49,331
Other losses, net				(12,704)
Distribution and advertising expenses				(84,490)
Administrative and other operating expenses				(1,038,111)
Operating profit				225,454
Finance income				6,071
Finance expenses				(17,548)
Profit before income tax				213,977
Income tax expense				(32,102)
Profit for the year				181,875

3 Segment information (Continued)

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

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

** 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 years ended 30 April 2023 and 2022. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Revenues include sales of goods of HK$2,819,493,000 (2022: HK$2,911,215,000), revenue arising from customer loyalty programme of HK$5,842,000 (2022: HK$8,234,000) and consignment sales commission of HK$659,000 (2022: HK$1,326,000).

The revenue from the Group's largest customer accounted for less than 10% of the Group's total revenue for each of the years ended 30 April 2023 and 2022.

All of the Group's revenues are recognised at a point in time for the years ended 30 April 2023 and 2022.

Contract liabilities represents advanced payments received from customers for goods that have not been transferred to the customers and cash coupons and provision for customer loyalty programs. During the years ended 30 April 2023 and 2022, all brought-forward contract liabilities at the beginning of the financial year were fully recognised as revenue.

3 Segment information (Continued)

The following tables present segment assets and liabilities as at 30 April 2023 and 30 April 2022 respectively.

	As at 30 April 2023			
	Retail		Wholesales, licencing and others	Total
	Hong Kong and Macau HK$'000	Singapore HK$'000	HK$'000	HK$'000
Segment assets	1,120,767	196,434	4,908	1,322,109
Segment liabilities	686,010	124,168	8,417	818,595

	As at 30 April 2022			
	Retail		Wholesales, licencing and others	Total
	Hong Kong and Macau HK$'000	Singapore HK$'000	HK$'000	HK$'000
Segment assets	1,088,313	161,237	5,530	1,255,080
Segment liabilities	680,364	99,738	6,397	786,499

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

The following tables present segment assets and liabilities as at 30 April 2023 and 30 April 2022 respectively.

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

	As at 30 April	
	2023 HK$'000	2022 HK$'000
Segment assets	1,322,109	1,255,080
Investment properties	37,245	36,622
Financial asset at fair value through profit or loss	9,373	23,310
Deferred income tax assets	6,377	6,021
Current income tax recoverable	24	804
Cash and cash equivalents	402,310	416,923
Total assets	1,777,438	1,738,760

3 Segment information (Continued)

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

	As at 30 April	
	2023	2022
	HK$'000	HK$'000
Segment liabilities	818,595	786,499
Deferred income tax liabilities	1,203	609
Loans due to a non-controlling shareholder of a subsidiary	7,065	6,873
Current income tax liabilities	46,172	49,924
Total liabilities	873,035	843,905

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

	Year ended 30 April	
	2023	2022
	HK$'000	HK$'000
Hong Kong	2,485,838	2,608,532
Singapore	289,278	265,698
Macau	50,878	46,545
	2,825,994	2,920,775

Non-current assets, other than intangible assets and deferred income tax assets, of the Group as at 30 April 2023 and 2022 are located as follows:

	Year ended 30 April	
	2023	2022
	HK$'000	HK$'000
Hong Kong	640,078	603,890
Mainland China	46,042	46,610
Singapore	118,056	87,588
Macau	53,816	63,487
	857,992	801,575

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Expenses by nature

	Year ended 30 April 2023 HK$'000	2022 HK$'000
Auditors' remuneration		
- Audit services	2,019	1,995
- Non-audit services	349	320
Air conditioning expenses	10,538	10,470
Advertising and promotion expenses	11,491	8,434
Amortisation of intangible assets	3,987	3,992
Building management fees	49,725	47,633
Cost of inventories sold	1,513,545	1,568,572
Write-downs of inventories	1,021	17,526
Delivery charges	62,765	56,242
Landing charges	9,733	9,077
Depreciation of owned property, plant and equipment	30,935	30,924
Depreciation of right-of-use assets	326,415	343,944
Employee benefit expenses (including directors' emoluments)	421,958	405,825
Government rates	12,498	11,200
Legal and professional fee	3,989	3,450
Short-term lease expense	76,181	64,875
Repair and maintenance	12,825	17,064
Utility expenses	27,735	24,968
Net exchange losses	3,375	6,096
Others	56,083	56,157
Total cost of sales, distribution and advertising expenses, and administrative and other operating expenses	2,637,167	2,688,764

5 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 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	
	2023	2022
	HK$'000	HK$'000
Current income tax		
Current tax on profits for the year		
- Hong Kong profits tax	31,686	41,973
- Overseas taxation	512	548
	32,198	42,521
Under/(over) provision in prior years		
- Hong Kong profits tax	133	(206)
- Overseas taxation	(470)	-
	(337)	(206)
	31,861	42,315
Deferred income tax		
Deferred income tax on profits for the year	11	(571)
Under/(over) provision in prior years	230	(49)
	241	(620)
	32,102	41,695

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 2023	2022
Profit attributable to owners of the Company (HK$'000)	181,571	220,822
Weighted average number of ordinary shares in issue (in thousands) (Note)	718,826	717,709
Basic earnings per share attributable to owners of the Company (HK cents per share)	25.3	30.8

Note:

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

(b) Diluted

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

6 Earnings per share (Continued)

(b) Diluted (Continued)

	Year ended 30 April 2023	2022
Profit attributable to owners of the Company (HK$'000)	181,571	220,822
Weighted average number of ordinary shares in issue (in thousands)	718,826	717,709
Adjustment for:		
- Share options and share awards (in thousands)	4,893	4,020
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	723,719	721,729
Diluted earnings per share attributable to owners of the Company (HK cents per share)	25.1	30.6

7 Dividend

The dividends paid in 2023 and 2022 were HK$172,540,000 (HK24.0 cents per share) and HK$214,661,000 (HK29.9 cents per share) respectively. In respect of the year ended 30 April 2023, the final dividend of HK8.0 cents and special dividend of HK2.0 cents per share amounting to a total dividend of HK$71,923,000 is to be proposed at the annual general meeting on 26 September 2023. These consolidated financial statements do not reflect this dividend payable.

	Year ended 30 April 2023 HK$'000	2022 HK$'000
Interim dividend paid of HK12.0 cents (2022: Interim dividend paid of HK10.5 cents and special dividend of HK4.2 cents) per ordinary share	86,379	105,623
Proposed final dividend of HK8.0 cents and special dividend of HK2.0 cents (2022: Final dividend of HK12.0 cents) per ordinary share	71,923	86,161
	158,302	191,784

8 Trade and other receivables, prepayments and deposits

	As at 30 April 2023 HK$'000	2022 HK$'000
Trade receivables, net	23,839	13,888
Prepayments	15,991	18,813
Deposits and other receivables	148,616	132,925
	188,446	165,626
Less non-current portion:		
Prepayments	(3,421)	-
Deposits	(63,783)	(60,185)
	(67,204)	(60,185)
Current portion	121,242	105,441

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 2023 HK$'000	2022 HK$'000
Up to 3 months	23,781	13,884
3 to 6 months	37	4
6 to 12 months	21	-
	23,839	13,888
Less: provision for impairment of receivables	-	-
	23,839	13,888

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

	As at 30 April 2023 HK$'000	2022 HK$'000
Current		
Trade payables	153,158	176,111
Other payables and accruals	47,857	47,606
Deposit received	35	11
Provision for employee benefits	12,881	7,895
	213,931	231,623
Non-current		
Provision for reinstatement cost	4,495	4,194
	218,426	235,817
Contract liabilities		
Receipts in advance and cash coupons	8,045	17,350
Deferred revenue arising from customer loyalty programs	3,459	3,436
	11,504	20,786

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

	As at 30 April 2023 HK$'000	2022 HK$'000
0 - 30 days	99,130	115,272
31 - 60 days	37,919	35,593
61 - 90 days	9,450	14,540
91 - 120 days	6,659	10,706
	153,158	176,111

10 Event after the reporting period

On 1 March 2023, World Wonderful Limited (the "Buyer"), an indirect wholly-owned subsidiary of the Company, entered into a provisional sales and purchase agreement with an independent third party (the "Seller") of which the Seller agrees to sell and the Buyer agrees to purchase certain properties in Hong Kong at the consideration of HK$24million. In June 2023, the Buyer entered into a formal sales and purchase agreement with the Seller and the transaction was completed on 30 June 2023.

OTHER INFORMATION

RESULTS AND DIVIDENDS

The results of the Group for the Year are set out in the consolidated income statement. An interim dividend of HK12.0 cents (2021/22: an interim dividend of HK10.5 cents and a special dividend of HK4.2 cents) per share, representing a total payout of approximately HK$86,379,000 was paid by the Company on 31 January 2023. The Board has resolved to recommend payment of a final dividend of HK8.0 cents and a special dividend of HK2.0 cents per share to shareholders whose names appear on the register of members of the Company on Tuesday, 10 October 2023 which will be paid on or around Tuesday, 24 October 2023, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on Tuesday, 26 September 2023. Taking into account of the interim dividend payment, the total dividend for the Year would amount to HK22.0 cents (2021/22: HK26.7 cents) per ordinary share, totaling approximately HK$158,302,000 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 Tuesday, 26 September 2023 will be closed from Thursday, 21 September 2023 to Tuesday, 26 September 2023, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the forthcoming annual general meeting of the Company, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 20 September 2023.

Subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on Tuesday, 26 September 2023, the proposed final dividend and special dividend will be payable to the shareholders of the Company whose names appear on the register of members of the Company after the close of business on Tuesday, 10 October 2023 and the register of members of the Company will be closed from Friday, 6 October 2023 to Tuesday, 10 October 2023, (both days inclusive), during which no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend and special dividend, all share transfer documents, accompanied by the relevant share certificates lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 5 October 2023.

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

During the Year, under the share award scheme of the Company adopted by the Board on 24 July 2015 (the "Share Award Scheme"), the trustee of the Share Award Scheme, pursuant to the rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 600,000 shares of the Company at a total consideration of about HK$1,724,000. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the Year.

OTHER INFORMATION

CAPITAL COMMITMENT

As at 30 April 2023, the Group's capital commitment amounted to approximately HK$21.9million. The capital commitment was related to the acquisition of certain properties in Hong Kong.

EVENT AFTER THE REPORTING PERIOD

On 1 March 2023, World Wonderful Limited (the "Buyer"), an indirect wholly-owned subsidiary of the Company, entered into a provisional sales and purchase agreement with an independent third party (the "Seller") of which the Seller agrees to sell and the Buyer agrees to purchase certain properties in Hong Kong at the consideration of HK$24million. In June 2023, the Buyer entered into a formal sales and purchase agreement with the Seller and the transaction was completed on 30 June 2023.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Listing Rules. The Directors recognise the importance of good corporate governance in the management of the Group. The Board will review and monitor the corporate governance practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company. The Board is of the view that the Company has met the code provisions set out in the CG Code, except that there is no separation of the roles of Chairman and Chief Executive Officer as stipulated in the code provision C.2.1 of the CG Code. Currently, Ms. Ngai Lai Ha is both the Chairman and the Chief Executive Officer of the Company. As Ms. Ngai is one of the founders of the Group, the Board believes that it is in the best interest of the Group to have Ms. Ngai taking up both roles for continuous effective management of the Board and business development of the Group.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry with all of the Directors, Directors confirmed that they have been in compliance with the required standard set out in the Model Code during the year ended 30 April 2023.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the consolidated financial statements for the year ended 30 April 2023. 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 2023 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 and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

OTHER INFORMATION

PUBLICATION

The annual results announcement of the Company for the year ended 30 April 2023 published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ihr.com.hk) respectively. The 2023 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 express our deepest gratitude to each of our employees worked at the front line of the epidemic for their support, hard work, and dedication, especially for persevering through the unprecedented challenges encountered during the covid-19 pandemic. We also take pride in their continuous commitments that have won the applause from the public.

Finally, this year marks the 10th anniversary of the Company's listing, we are grateful for the continued support and understanding of our shareholders. Let's work together to create a better future!

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

Hong Kong, 27 July 2023

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.