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 2024

The board of directors (the "**Board**" or "**Director(s)**") of International Housewares Retail Company Limited (the "**Company**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively referred to as the "**Group**" or "**we**") for the year ended 30 April 2024 (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 2023 ("**2022/23**").

HIGHLIGHTS

- The Group's revenue recorded of HK$2,687,036,000 (2022/23: HK$2,825,994,000)[1], which turned to a 4.9% decline against a high base of the same period last year caused by the surging demand for anti-pandemic supplies during the COVID-19 epidemic in Hong Kong.

- The Group's has recorded of HK$101,070,000 profit attributable to the owners of the Company for the Year (2022/23: HK$181,571,000) which returned to pre-pandemic levels. Compared to the adjusted profit attributable to the owners of the Company of HK$149,634,000 for the same period last year of which is excluding grants under the Employment Support Scheme by the Government of the Hong Kong Special Administrative Region (the "HKSAR") of HK$31,937,000, the profit attributable to owners of the Company decreased by 32% for the Year.

- The Group's gross profit margin increased to 46.9% (2022/23: 46.4%).

- The Group maintained a strong financial position with cash and cash equivalents of HK$338,501,000 (31 October 2023: HK$318,775,000).

- The Board has resolved to recommend payment of a final dividend of HK5.6 cents per share. Together with an interim dividend of HK5.6 cents per share already paid, the total dividend for the Year would be HK11.2 cents per share (2022/23: HK22.0 cents per share).

Note:

1. *Comparative figures for the financial year ended 30 April 2023 are shown as 2022/23 in brackets.*

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE PROFILE

Established in 1991, the Group offers housewares, trend-based items, health and wellness care, personal care, food and household FMCG through a comprehensive retail network comprising of around 376 stores in Hong Kong, Singapore, Macau and other jurisdictions 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 comprehensive retail network and extensive global supplier network, the Group provides value-for-money products and services that set us apart, creating a “one-stop” omnichannel shopping experience for customers, and reinforcing its position as an omni-channel retail chain of general merchandise stores (“GMS”).

FINANCIAL PERFORMANCE

In the face of unprecedented challenges on the post-pandemic landscape, our Group has remained steadfast in our commitment to delivering a satisfactory result. Our agile business strategy and rapid response to evolving market conditions have been pivotal in this result. We have not only managed to maintain stability but also to capitalize on new opportunities that have emerged from these fluctuations. The Group maintained profitability and delivered satisfactory results.

The Group’s revenue recorded of HK$2,687,036,000 (2022/23: HK$2,825,994,000), which turned to a 4.9% decline against a high base of the same period last year caused by the surging demand for anti-pandemic supplies during the COVID-19 epidemic in Hong Kong, as well as an increase in travel abroad and northward consumption after reopening of Hong Kong border early last year.

The Group’s has recorded of HK$101,070,000 profit attributable to the owners of the Company for the Year (2022/23: HK$181,571,000) which returned to pre-pandemic levels. Compared to the adjusted profit attributable to the owners of the Company of HK$149,634,000 for the same period last year of which is excluding grants under the Employment Support Scheme by the Government of the Hong Kong Special Administrative Region (the “HKSAR”) of HK$31,937,000, the profit attributable to owners of the Company decreased by 32% for the Year.

It was attributable to an increase in operating costs for the Year due to the increase of cost of human resources in the first half of the Year, coupled with the expiration of the rent concession from the Hong Kong Housing Authority at the end of the last calendar year. In this regard, our stringent measures to tighten control on relevant costs as well as active negotiations with landlords have yielded results. In addition, the Group has made strategic investments in logistics which involved one-time additional expenses for relocation and upgrades of our main distribution hub in Hong Kong, which is essential for enhancing our central distribution base for globally sourced merchandise distribution efficiency and strengthening our position in the Hong Kong market.

In recent years, capitalizing on the strong Hong Kong dollar, we see an opportunity to broaden world-renowned products from global suppliers in regions with exchange rate advantages. This strategic move will allow us to leverage favorable exchange rates to procure high-quality products at competitive prices, thereby enhancing the value proposition we offer to our customers. Moreover, we have also developed a range of competitive OEM products, including new private label product lines across various categories by introducing new features and enhancing their design and packaging. As a result, we have successfully enhanced our gross profit margin, which has seen a slight increase to 46.9% for the Year (2022/23: 46.4%).

These initiatives reflect our commitment to innovation and adaptability in a post-pandemic landscape, positioning us to seize emerging market opportunities and cater to evolving customer preferences.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2024, the Group maintained a strong financial position with cash and cash equivalents of HK$338,501,000 (31 October 2023: HK$318,775,000). 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 placing surplus cash mainly as Hong Kong dollar bank deposits with appropriate maturity periods to meet future funding requirements. As at 30 April 2024, the Group’s current ratio was consistent at 1.5 (30 April 2023: 1.5). The total borrowings of the Group as at 30 April 2024, amount to HK$22,820,000 (30 April 2023: HK$13,381,000). 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 3.37% (30 April 2023: 2.26%). This contributed to the Group’s net cash position.

DISTRIBUTION NETWORK

As we reflect on the past 33 years, it is evident that our Group's brand awareness, as well as the comprehensive retail network and extensive global supplier network, have been a cornerstone of our steady and sustainable business scale and market share. The introduction of our service of "Click & Collect" on the online platforms "JHC eshop" and "Easy Buy", turning our retail stores into a quick service station for online orders, has broadened our product range offering in particular of those bulk items such as plastic boxes, furniture, and large electrical appliances. We believe that these initiatives will facilitate us optimize our retail space utilization, which in turn, allows for more flexibly selection of retail space and locations and better control over rental expenses.

The Government of HKSAR's initiative to increase residential plot ratios and building heights in the New Territories is a strategic development that will expedite housing supply in the future. This aligns with our Group's expansion plans, presenting us with opportunities to open new stores and solidify our market presence in Hong Kong.

Looking ahead, the Group remains cautiously optimistic about its business prospects in the medium- to long-term. The Group's focus continues to be on Hong Kong, Singapore and Macau, and will open new stores in areas with high potential. The following table shows the number of stores that the Group directly manages and licenses worldwide:

	As at 30 April 2024	**As at 31 October 2023**	**Net increase/ (decrease)**
The Group's directly managed stores			
Hong Kong	315	318	(3)
Singapore	47	48	(1)
Macau	9	8	1
The Group's overseas licensed stores	5	5	–
Total	**376**	**379**	**(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, we initiate a strategic plan to import workers through the Supplementary Labour Scheme. This move not only fills existing vacancies but also ensures a robust local workforce to support our operations, securing our stable workforce. Taking into consideration the individual's performance, the Group also regularly reviews its remuneration packages and rewards qualified employees with performance bonuses and share awards to ensure employee satisfaction and foster a culture of loyalty. Additionally, the Group has made timely adjustments in manpower deployment across different stores and embraced in-store automation technologies to control cost of human resources and raise operational efficiencies. As of 30 April 2024, the Group employed approximately 2,127 employees (30 April 2023: 2,146). The total employee benefit expenses for the Year amounted to HK$436,746,000 (2022/23: HK$421,958,000).

OPERATIONAL REVIEW BY BUSINESS SEGMENT

Established in 1991, the Group offers housewares, trend-based items, health and wellness care, personal care, food and household FMCG through a comprehensive retail network comprising of around 376 stores in Hong Kong, Singapore, Macau and other jurisdictions under renowned brands including JHC (日本城), Japan Home (日本の家), 123 by ELLA, $MART (多來買), City Life (生活提案) and Day Day Store (日記士多), as well as via the online platforms JHC eshop (日本城網購) and EasyBuy (易購點). Leveraging its comprehensive retail network and extensive global supplier network, the Group provides value-for-money products and services that set us apart, creating a "one-stop" omnichannel shopping experience for customers, and reinforcing its position as an omni-channel retail chain of general merchandise stores ("GMS"). The Group achieved the retail revenue of HK$ 2,679,417,000 for the Year (2022/23: HK$2,798,792,000), which included consignment sales commission income, accounted for 99.7% (2022/23: 99.0%) of its total revenue. The revenue from the wholesale business, licensing income and others as a whole amounted to HK$7,619,000 (2022/23: HK$27,202,000).

OPERATIONAL REVIEW BY GEOGRAPHICAL LOCATION

Operations Review – Hong Kong and Macau

The reopening of Hong Kong border early last year brought with an increase in travel abroad and northward consumption, which in turn resulted in reduced spending within the local retail market. To adapt, we have broadened our selection of travel-related products and fast-moving consumer goods (FMCG), ensuring to better meet the evolving needs of our customers. Furthermore, addressing manpower shortages through labor importation schemes, enhanced training programs, and the adoption of advanced technologies in-store not only optimized operations but also positioned the business for future growth. Our ability to swiftly adapt and overcome unexpected challenges reflects our team's resilience, strategic agility, and steadfast commitment. The pursuit of new revenue streams and stringent cost management has been the cornerstone of our financial strategy, leading to enduring profitability in Hong Kong market and consistent dividends.

The Group recorded a revenue of HK$2,330,164,000 from Hong Kong for the Year, which turned to a decline against a high base of the same period last year of HK$2,485,838,000 caused by the surging demand for anti-pandemic supplies during the COVID-19 epidemic in Hong Kong, as well as an increase in travel abroad and northward consumption after reopening of Hong Kong border early last year. Hong Kong remaining the key market accounting for 86.7% of the group's total revenue (2022/23: 88.0%).

An increase in operating costs for the Year was observed, due to the increase of cost of human resources in the first half of the Year, coupled with the expiration of the rent concession from the Hong Kong Housing Authority at the end of the last calendar year. In this regard, our stringent measures to tighten control on relevant costs as well as active negotiations with landlords have yielded results. In addition, the Group has made strategic investments in logistics which involved one-time additional expenses for relocation and upgrades of our main distribution hub in Hong Kong, which is essential for enhancing our central distribution base for globally sourced merchandise distribution efficiency and strengthening our position in the Hong Kong market.

As we move forward, our confidence in overcoming the current challenges remains steadfast. We are committed to align our offerings with the evolving market demands, uphold strict cost control, and ensure the stability of our workforce. These strategic priorities will steer us toward continued success in the Hong Kong market.

On the other hand, the operations in Macau remained profitable and achieved satisfactory results for the Year, with a revenue of HK$44,976,000 (2022/23: HK$50,878,000). Despite facing similar challenges as the Hong Kong market, our Macau business has demonstrated remarkable resilience and operational efficiency, maintaining profitability even with a decrease in revenue compared to the same period last year. This indicates efficient management of the operations and a positive sign for the future growth and sustainability of the business in this market.

Operations Review – Singapore

The Group's revenue in the Singapore market has shown a remarkable increase of 7.8%, reaching a new record of HK$ 311,896,000 (2022/23: HK$289,278,000), while gross profit rose by 11.8% to HK$139,242,000 (2022/23: HK$124,576,000), highlighting our focus on diversifying the product portfolio to meet the diverse needs of our consumer base. Leveraging warehouse facilities in China, the integration of sourcing arms across various trade hubs in Hong Kong, Taiwan, Guangzhou, and Yiwu has not only diversified the assortment but also streamlined cost-efficiency. Such financial performance underscores the effectiveness of the strategies implemented and the potential for continued growth and market penetration.

In Singapore market, to locate our stores typically in malls surrounded by high-density residential zones is part of our strategic initiative to boost customer spendings and store visits. This approach not only steps up our brand awareness but also fosters a sense of community presence, which is crucial for building our customer loyalty, making our stores a convenient choice for their shopping needs. In addition, with the rollout of our atrium spaces for special sales events across various locations are designed to attract a broader customer demographic.

In the critical sphere of talent management, our strategy has been to integrate local talent into our management team, offering them broad-ranging experience across diverse business functions. Our conviction lies in empowering homegrown talent, who possess an intrinsic understanding of the local market dynamics and are skilled in overcoming operational challenges unique to our locale. This approach not only strengthens our management team but also ensures a robust pipeline of talents who are well-equipped to drive our business forward. We believe that this focus on local talent will be a cornerstone in our sustained growth and success.

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 concentrate on providing better customer service and engaging in promotion activities that add significant value.

As the Group continues to navigate the complexities of the Singapore market, we are facing with significant challenges, including a shortage of human resources, high rental costs, and the impact of increased post-epidemic outbound travel. Despite these challenges, it is imperative that we continue to focus on broadening our revenue streams as well as implementing strict cost controls. We maintain a cautiously optimistic outlook on its profitability.

ANNUAL REVIEW AND PROSPECT

During the epidemic, our team’s flexibility and unity yielded remarkable results. The reopening of Hong Kong border early last year brought with an increase in travel abroad and northward consumption, which in turn resulted in reduced spending within the local retail market. To adapt, we have broadened our selection of travel-related products and fast-moving consumer goods (FMCG), ensuring to better meet the evolving needs of our customers. Furthermore, addressing manpower shortages through labor importation schemes, enhanced training programs, and the adoption of advanced technologies in-store not only optimized operations but also positioned the business for future growth. Our ability to swiftly adapt and overcome unexpected challenges reflects our team's resilience, strategic agility, and steadfast commitment.

As we navigate the rapidly changing landscape of retail, it is imperative that we remain forward-looking, perseverant, and agile. The integration of the new retail model and the strengthening of our omni-channel strategy are crucial steps to address the evolving market changes head-on. We continue to focus on understanding and prioritizing our customers' needs, offering value-for-money products and services that set us apart.

The pursuit of new revenue streams and stringent cost management has been the cornerstone of our financial strategy, leading to enduring profitability and consistent dividends. As we reflect on the past 33 years, our journey stands as a testament to the robust foundation we have built. It is with a forward-looking and optimistic mindset that we continue to navigate the evolving landscape, adapting with agility to the changes and challenges ahead. Our dedication to maintaining the core principles that define us is unwavering, and our commitment to our long-term developmental objectives remains steadfast.

Integrate Omnichannel Shopping Experience

Our Group has made strides in integrating an omnichannel shopping experience by launching of our new online platform “JHCeshop” last November. The platform's user-friendly interface and features are designed to deliver an easy, flexible and convenient Omnichannel shopping experience. In June this year, we have introduced a 'click & collect' service, allowing customers to place their order online and pick them up from our stores as early as one hour. This initiative capitalizes on our extensive physical store network, providing a new shopping experience for our customers by further integration of our online and offline inventories. In addition, we have been expanding our digital footprint by forming strategic alliances with third-party e-commerce platforms. This strategy has increased our reach and enhanced customer engagement. Looking ahead, we will persist in refining our product offerings across various online sales channels to meet the diverse needs of our consumer base.

In our pursuit of improved efficiency and productivity, we are leveraging technology to its fullest potential. We have successfully implemented self-checkout points across our stores, which not only speed up the checkout process for our customers but also help mitigate the rising costs associated with human resources. This technological advancement allows our staff to focus more on value-added tasks, such as providing better service and engaging in promotional activities. Following a successful trial of e-price tags and e-posters, we are excited to announce the rollout of this technology across all our stores. This initiative will significantly boost efficiency and ensure seamless operations.

Looking ahead, we will focus on fortifying our core business operations. We conduct a thorough review of each store's performance, aiming to improve the productivity of individual locations while continuing to expand by opening new stores in strategically suitable areas. Our commitment to align our inventory with the evolving needs of our consumers remains steadfast. This alignment is crucial to ensuring that our stores are well-stocked and that our customers consistently find the products they seek readily available on our shelves.

Improve Merchandising and Supply Chain Operations Efficiency

As we navigate through the complexities of today's market, the stability and resilience of our supply chain are more crucial than ever to our sustainable growth. Recognizing this, we have intensified our efforts to cultivate and maintain strong relationships with our suppliers. This strategic approach is not merely about ensuring the quality and steady availability of our products; it is about reinforcing our market competitiveness. By actively enhancing our processes to ensure efficient stock replenishment, we aim to reduce lead times, guarantee fully-stocked stores to meet consumer demands and, most importantly, elevate the satisfaction of our valued customers.

In the current market landscape, the commitment to provide good quality products at competitive prices is a strategic response to market trends, emphasizing the value for money, ensuring that our offerings are not only affordable but also align with customer's needs. To this end, we will continue to enlarge our product assortment and ensure that we stock the right products at the right time. Capitalizing on the strong Hong Kong dollar, we see an opportunity to broaden world-renowned products from global suppliers in regions with exchange rate advantages. This strategic move will allow us to leverage favorable exchange rates to procure high-quality products at competitive prices, thereby enhancing the value proposition we offer to our customers.

We recognize the importance of brand loyalty and differentiation in today's competitive retail landscape. Therefore, we will continue to develop our private brand, investing in quality, design, and marketing to build a strong brand identity and customer loyalty. In addition to diversifying our private brand, widening and enriching of product choice in the market is another area where we will intensify our efforts. We will focus on introducing new features and enhancing design and packaging in our product range to stimulate consumer sentiment when browsing our store shelves. We are committed to create a joyful atmosphere and convenient shopping experience for our customers.

We are in the process of developing the "Assortment Plan", a tool designed to aid in swiftly formulating the product mix at each of our stores. It will enable us to respond rapidly to market trends and customer preferences, which often vary across different some small regions and districts. By tailoring our product assortment to each of our store to ensure that we stock the right products at the right place and improve store shelf productivity. These initiatives underscore our commitment to innovation and customer-centricity, and we believe it will play a pivotal role in our future growth and success.

Enhance Human Resources Management

It is during challenging times that the resilience of our team is truly tested, we have proactively addressed the labor shortage in Hong Kong market. Understanding the critical importance of a strong workforce to our growth and vitality, we have initiated a strategic plan to import workers through the Supplementary Labour Scheme. This move not only fills existing vacancies but also ensures a robust local workforce to support our operations, securing our stable workforce.

In addition, we are set to re-deploy our front-line staff, a move aimed at enhancing manpower efficiency and realizing cost savings. We are committed to empowering our staff with the right tools and training, enabling them to work both efficiently and accurately. We believe in nurturing our people, and to this end, we will provide opportunities for professional development and career advancement. This strategy is not only a means to attract and retain staff but also to maintain a stable workforce.

Lastly, we will regularly review our management team's composition to ensure we have the right combination of expertise for business development. This will enable us to remain agile and responsive in a dynamic business environment.

In conclusion, with our team's unwavering commitment to continuous learning and adaptation, the implementation of strategies mentioned above are a testament to our commitment and dedication to the success of the Group.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 APRIL 2024

	Note	Year ended 30 April 2024 HK$'000	2023 HK$'000
Revenue	3	2,687,036	2,825,994
Cost of sales	4	(1,425,687)	(1,514,566)
Gross profit		1,261,349	1,311,428
Other income		20,079	49,331
Other losses, net		(5,783)	(12,704)
Distribution and advertising expenses	4	(60,830)	(84,490)
Administrative and other operating expenses	4	(1,077,393)	(1,038,111)
Operating profit		137,422	225,454
Finance income		7,887	6,071
Finance expenses		(25,540)	(17,548)
Finance expenses, net		(17,653)	(11,477)
Profit before income tax		119,769	213,977
Income tax expense	5	(19,972)	(32,102)
Profit for the year		99,797	181,875
Profit/(loss) attributable to:			
Owners of the Company		101,070	181,571
Non-controlling interests		(1,273)	304
		99,797	181,875
Earnings per share attributable to the owners of the Company for the year (expressed in HK cents per share)			
Basic earnings per share	6	HK14.0 cents	HK25.3 cents
Diluted earnings per share	6	HK14.0 cents	HK25.1 cents

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2024

	Year ended 30 April	
	2024	2023
	HK$'000	HK$'000
Profit for the year	99,797	181,875
Other comprehensive income/(loss)		
Item that may be reclassified to profit or loss		
Currency translation differences	(2,399)	(799)
Item that will not be reclassified to profit or loss		
Actuarial gain/(loss) on long service payment scheme	5,345	(4,242)
Other comprehensive income/(loss) for the year	2,946	(5,041)
Total comprehensive income for the year	102,743	176,834
Attributable to:		
Owners of the Company	104,166	176,474
Non-controlling interests	(1,423)	360
Total comprehensive income for the year	102,743	176,834

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

CONSOLIDATED BALANCE SHEET
AS AT 30 APRIL 2024

	Note	As at 30 April 2024 HK$'000	2023 HK$'000
Assets			
Non-current assets			
Property, plant and equipment		210,895	182,340
Right-of-use assets		537,890	561,830
Investment properties		32,191	37,245
Intangible assets		26,960	29,305
Deferred income tax assets		5,564	6,377
Financial asset at fair value through profit or loss		8,139	9,373
Prepayments and deposits	8	61,624	67,204
		883,263	893,674
Current assets			
Inventories		402,599	360,188
Trade and other receivables, prepayments and deposits	8	117,819	121,242
Current income tax recoverable		-	24
Cash and cash equivalents		338,501	402,310
		858,919	883,764
Total assets		1,742,182	1,777,438
Equity			
Capital and reserves attributable to the owners of the Company			
Share capital and share premium		589,517	589,517
Reserves		299,839	307,446
		889,356	896,963
Non-controlling interests		4,352	7,440
Total equity		893,708	904,403

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 APRIL 2024

	Note	As at 30 April 2024 HK$'000	As at 30 April 2023 HK$'000
Liabilities			
Non-current liabilities			
Deferred income tax liabilities		498	1,203
Provision for reinstatement cost	9	4,444	4,495
Borrowings		7,304	-
Lease liabilities		266,038	295,268
		278,284	300,966
Current liabilities			
Trade and other payables	9	244,867	213,931
Contract liabilities	9	8,443	11,504
Loans due to a non-controlling shareholder of a subsidiary		7,257	7,065
Borrowings		15,516	13,381
Lease liabilities		285,575	280,016
Current income tax liabilities		8,532	46,172
		570,190	572,069
Total liabilities		848,474	873,035
Total equity and liabilities		1,742,182	1,777,438

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

INTERNATIONAL HOUSEWARES RETAIL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

International Housewares Retail Company Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in retail sales and trading of housewares products, 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 26 July 2024.

2 Basis of preparation and changes in accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622 of the Law of Hong Kong).

HKFRS comprise the following authoritative literature:
- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants

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.

2 Basis of preparation and changes in accounting policies (Continued)

2.1 Basis of preparation (Continued)

(i) New and amended standards adopted by the Group

The Group has applied the following new and amended standards for the first time for their annual reporting period commencing 1 May 2023:

HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
HKAS12 (Amendments)	International Tax Reform – Pillar Two Model Rules
HKFRS 17	Insurance Contracts
HKFRS 17 (Amendments)	Amendments to HKFRS 17
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

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 2024 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
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
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements	1 January 2024
HKAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
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.

2 Basis of preparation and changes in accounting policies (Continued)

2.1 Basis of preparation (Continued)

(iii) Changes in accounting policy on offsetting arrangement in long service payment scheme in Hong Kong

In June 2022, the Hong Kong Government enacted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") which will be effective from 1 May 2025 (the "Transition Date"). Under the Amendment Ordinance, any accrued benefits attributable to the employer's mandatory contributions under mandatory provident fund scheme ("MPF Benefits") of an entity would no longer be eligible to offset against its obligations on long service payment ("LSP") for the portion of the LSP accrued on or after the Transition Date. There is also a change in the calculation basis of last monthly wages for the portion of the LSP accrued before the Transition Date.

Prior to 1 May 2023, the Group applied practical expedient in HKAS 19 paragraph 93(b) (the "practical expedient") to account for the offsetable MPF Benefits as deemed employee contributions to reduce the current service costs in the period in which the related services were rendered.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" (the "Guidance") which provides clarified and detailed guidance on the accounting considerations relating to the abolition of the offsetting mechanism. The Guidance clarified that following the enactment of the Amendment Ordinance, LSP is no longer a 'simple type of contributory plans' to which the practical expedient had been intended to apply.

By following the Guidance, the Group has therefore changed its accounting policy and ceased to apply the practical expedient and reattribute the deemed employee contributions on a straight-line basis from the date when services by employees first lead to their benefits in terms of the LSP legislation in accordance with HKAS 19 paragraph 93(a).

The abovementioned change in accounting policy does not have material impact to the financial statements of the current and prior years.

3 Segment information (Continued)

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 2024 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)	2,367,521	311,896	7,619	2,687,036
Cost of sales	(1,247,911)	(172,655)	(5,121)	(1,425,687)
Segment results	1,119,610	139,241	2,498	1,261,349
Gross profit%**	47.29%	44.64%	32.79%	46.94%
Other income				20,079
Other losses, net				(5,783)
Distribution and advertising expenses				(60,830)
Administrative and other operating expenses				(1,077,393)
Operating profit				137,422
Finance income				7,887
Finance expenses				(25,540)
Profit before income tax				119,769
Income tax expense				(19,972)
Profit for the year				99,797

3 Segment information (Continued)

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

	Retail Hong Kong and Macau HK$'000	Retail Singapore HK$'000	Wholesales, licencing and others HK$'000	Total HK$'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

** 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 2024 and 2023. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Revenues include sales of goods of HK$2,680,668,000 (2023: HK$2,819,493,000), revenue arising from customer loyalty programme of HK$5,570,000 (2023: HK$5,842,000) and consignment sales commission of HK$797,000 (2023: HK$659,000).

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 2024 and 2023.

All of the Group's revenues are recognised at a point in time for the years ended 30 April 2024 and 2023.

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 2024 and 2023, 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 2024 and 30 April 2023 respectively.

	As at 30 April 2024			
	Retail		Wholesales,	
	Hong Kong and Macau	Singapore	licencing and others	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Segment assets	1,178,804	171,719	7,264	1,357,787
Segment liabilities	701,077	124,455	6,655	832,187

	As at 30 April 2023			
	Retail		Wholesales,	
	Hong Kong and Macau	Singapore	licencing and others	Total
	HK$'000	HK$'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

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 2024 and 30 April 2023 respectively.

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

	As at 30 April	
	2024	2023
	HK$'000	HK$'000
Segment assets	1,357,787	1,322,109
Investment properties	32,191	37,245
Financial asset at fair value through profit or loss	8,139	9,373
Deferred income tax assets	5,564	6,377
Current income tax recoverable	-	24
Cash and cash equivalents	338,501	402,310
Total assets	1,742,182	1,777,438

3 Segment information (Continued)

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

	As at 30 April 2024 HK$'000	2023 HK$'000
Segment liabilities	832,187	818,595
Deferred income tax liabilities	498	1,203
Loans due to a non-controlling shareholder of a subsidiary	7,257	7,065
Current income tax liabilities	8,532	46,172
Total liabilities	848,474	873,035

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

	Year ended 30 April 2024 HK$'000	2023 HK$'000
Hong Kong	2,330,164	2,485,838
Singapore	311,896	289,278
Macau	44,976	50,878
	2,687,036	2,825,994

Non-current assets, other than intangible assets and deferred income tax assets, of the Group as at 30 April 2024 and 2023 are located as follows:

	Year ended 30 April 2024 HK$'000	2023 HK$'000
Hong Kong	639,502	640,078
Mainland China	39,898	46,042
Singapore	118,609	118,056
Macau	52,730	53,816
	850,739	857,992

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

4 Expenses by nature

	Year ended 30 April 2024 HK$'000	2023 HK$'000
Auditors' remuneration		
- Audit services	2,233	2,019
- Non-audit services	349	349
Air conditioning expenses	10,422	10,538
Advertising and promotion expenses	10,824	11,491
Amortisation of intangible assets	4,510	3,987
Building management fees	53,630	49,725
Cost of inventories sold	1,424,651	1,513,545
Provision for inventories	1,036	1,021
Delivery charges	41,220	62,765
Landing charges	8,359	9,733
Depreciation of owned property, plant and equipment	35,130	30,935
Depreciation of right-of-use assets	344,960	326,415
Employee benefit expenses (including directors' emoluments)	436,746	421,958
Government rates	15,747	12,498
Legal and professional fee	3,599	3,989
Short-term lease expense	69,645	76,181
Repair and maintenance	13,015	12,825
Utility expenses	30,033	27,735
Net exchange losses	698	3,375
Others	57,103	56,083
Total cost of sales, distribution and advertising expenses, and administrative and other operating expenses	2,563,910	2,637,167

5 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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	
	2024	2023
	HK$'000	HK$'000
Current income tax		
Current tax on profits for the year		
- Hong Kong profits tax	19,511	31,686
- Overseas taxation	313	512
	19,824	32,198
Under/(over) provision in prior years		
- Hong Kong profits tax	14	133
- Overseas taxation	-	(470)
	14	(337)
	19,838	31,861
Deferred income tax	134	241
	19,972	32,102

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 2024	2023
Profit attributable to owners of the Company (HK$'000)	101,070	181,571
Weighted average number of ordinary shares in issue (in thousands) (Note)	719,511	718,826
Basic earnings per share attributable to owners of the Company (HK cents per share)	14.0	25.3

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 2024	2023
Profit attributable to owners of the Company (HK$'000)	101,070	181,571
Weighted average number of ordinary shares in issue (in thousands)	719,511	718,826
Adjustment for:		
- Share options and share awards (in thousands)	1,614	4,893
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	721,125	723,719
Diluted earnings per share attributable to owners of the Company (HK cents per share)	14.0	25.1

7 Dividend

The dividends paid during the years ended 30 April 2024 and 2023 were HK$112,228,000 (HK16.0 cents per share) and HK$172,540,000 (HK24.0 cents per share) respectively. In respect of the year ended 30 April 2024, the final dividend of HK5.6 cents per share amounting to a total dividend of HK$40,305,000 is to be proposed at the annual general meeting on 26 September 2024. These consolidated financial statements do not reflect this dividend payable.

	Year ended 30 April 2024 HK$'000	2023 HK$'000
Interim dividend paid of HK5.6 cents (2023: Interim dividend paid HK12.0 cents) per ordinary share	40,305	86,379
Proposed final dividend of HK5.6 cents (2023: Final dividend of HK8.0 cents and special dividend of HK2.0 cents) per ordinary share	40,305	71,923
	80,610	158,302

8 Trade and other receivables, prepayments and deposits

	As at 30 April	
	2024	2023
	HK$'000	HK$'000
Trade receivables, net	8,264	23,839
Prepayments	21,673	15,991
Deposits and other receivables	149,506	148,616
	179,443	188,446
Less non-current portion:		
Deposits	(61,624)	(63,783)
Prepayments	-	(3,421)
	(61,624)	(67,204)
Current portion	117,819	121,242

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

The Group normally makes 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	
	2024	2023
	HK$'000	HK$'000
Up to 3 months	8,255	23,781
3 to 6 months	9	37
6 to 12 months	-	21
	8,264	23,839
Less: provision for impairment of receivables	-	-
	8,264	23,839

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

	As at 30 April 2024 HK$'000	As at 30 April 2023 HK$'000
Current		
Trade payables ~~(Note i)~~	192,185	153,158
Other payables and accruals	45,478	47,857
Deposit received ~~(Note i)~~	41	35
Provision for employee benefits ~~(Note ii)~~	7,163	12,881
	244,867	213,931
Non-current		
Provision for reinstatement cost	4,444	4,495
	249,311	218,426
Contract liabilities		
Receipts in advance and cash coupons	5,555	8,045
Deferred revenue arising from customer loyalty programs	2,888	3,459
	8,443	11,504

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

	As at 30 April 2024 HK$'000	As at 30 April 2023 HK$'000
0 - 30 days	135,198	99,130
31 - 60 days	33,753	37,919
61 - 90 days	22,745	9,450
91 - 120 days	489	6,659
	192,185	153,158

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 HK5.6 cents (2022/23: an interim dividend of HK12.0 cents) per share, representing a total payout of approximately HK$40,305,000 was paid by the Company on 2 February 2024. The Board has resolved to recommend payment of a final dividend of HK5.6 cents per share to shareholders whose names appear on the register of members of the Company on Thursday, 10 October 2024 which will be paid on or around Thursday, 24 October 2024, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on Thursday, 26 September 2024. Taking into account of the interim dividend payment, the total dividend for the Year would amount to HK11.2 cents (2022/23: HK22.0 cents) per ordinary share, totaling approximately HK$80,610,000 for the Year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company for the forthcoming annual general meeting of the Company to be held on Thursday, 26 September 2024 will be closed from Friday, 20 September 2024 to Thursday, 26 September 2024, 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 Thursday, 19 September 2024.

Subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on Thursday, 26 September 2024, the proposed final dividend will be payable to the shareholders of the Company whose names appear on the register of members of the Company after the close of business on Thursday, 10 October 2024 and the register of members of the Company will be closed from Friday, 4 October 2024 to Thursday, 10 October 2024, (both days inclusive), during which no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all share transfer documents, accompanied by the relevant share certificates lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 3 October 2024.

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 200,000 shares of the Company at a total consideration of about HK$431,000. 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.

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 Group 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 2024.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the consolidated financial statements for the year ended 30 April 2024. 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 2024 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.

PUBLICATION

The annual results announcement of the Company for the year ended 30 April 2024 published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ihr.com.hk) respectively. The 2024 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 sincere gratitude to our shareholders, partners and dedicated employees, whose resilience and adaptability have been the cornerstone of our ability to meet these market changes head-on. Together, we are embarking on a journey that promises to lead us to new heights of achievement.

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

Hong Kong, 26 July 2024

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.