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International Housewares Retail Company Limited

國際家居零售有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1373)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE MASTER FRANCHISE AGREEMENT AND CONNECTED TRANSACTIONS IN RELATION TO THE TRANSITIONAL AGREEMENT

The board of directors (the “Board” or “Director(s)”) of International Housewares Retail Company Limited (the “Company”) is pleased to announce that on 13 August 2026, an indirect subsidiary of the Group and the Master Franchisee in Singapore officially entered into the Master Franchise Agreement and the Transition Agreement. Pursuant to these agreements, the Group will transition to a “Master Franchise” operating model in the Singapore market, granting the Master Franchisee the exclusive right to operate retail brand stores in Singapore for a term of three years.

This strategic restructuring marks a crucial step forward for the Group in optimizing its regional business structure, improving quality, and boosting efficiency. The Group anticipates that the new model will bring significant benefits to the long-term development and profitability of the Singapore market:

Focusing on Hong Kong Core Business and Optimizing Resource Allocation:

Following the transition of the Singapore business to a franchise model, the Group's management will be able to concentrate manpower and operational resources on the Hong Kong market, fully executing its brand upgrading strategy.

Aligning with Singapore Market Trends and Transitioning to an Asset-Light, High-Efficiency Model:

In response to recent changes in the Singapore retail environment and the pressure of rising operating costs, the Group has proactively adjusted its strategy to transition into an asset-light operating model requiring minimal capital expenditure. This initiative will significantly reduce the Group's direct rental expenses, labor costs, and daily operational expenses for stores in Singapore.

Securing Stable Royalty Income and Accelerating Inventory Clearance and Cash Flow Recovery:

Under the agreements, the Group will not only secure a steady stream of royalty fee income but will also rapidly accelerate the clearance of existing product inventory in Singapore through transitional arrangements. Meanwhile, the Group will continue to act as a key product supplier to Singapore stores, deepening supply chain efficiency and ensuring steady cash flow recovery.

Expanding Brand Value in Singapore via the Master Franchisee:

The Master Franchisee has years of deep-rooted experience in Singapore's fast-moving consumer goods (FMCG) and wholesale distribution sectors, possessing rich local operational expertise and a strong supply chain network. Leveraging the partner's local advantages will significantly enhance store operational efficiency and market response speed, sustaining brand awareness in Singapore while realizing long-term sustainable development across the Southeast Asian market. Through this model, we expect to continuously expand the brand's reach and influence in the local market over the next three years.

MASTER FRANCHISE AGREEMENT

On 13 August 2026, the Franchisor, an indirect non-wholly owned subsidiary of the Company, entered into the Master Franchise Agreement with the Master Franchisee pursuant to which (i) the Franchisor agreed to grant and the Master Franchisee agreed to accept an exclusive right and licence to operate on its own and/or through sub-franchisees the Business in Singapore for a term of three years commencing from 13 August 2026 to 12 August 2029. Upon expiration of the initial Term, the Franchisor and the Master Franchisee may agree to extend the term of the Master Franchise Agreement for a further three years; (ii) the Franchisor shall hand over the existing Stores to the Master Franchisee on the 19 August 2026, with all relevant Stores expected to successfully complete the transformation to the “Franchise Model” on or before 31 December 2026. The Master Franchisee agreed to bear all Operating Expenses in connection with the Stores.

Grant of rights

Upon, and subject to, the terms and conditions of the Master Franchise Agreement, the Franchisor agreed to grant, and the Master Franchisee agreed to accept the following rights during the Term within Singapore:

- (a) an exclusive right and licence to operate and maintain the Franchise Outlets and to adopt and use the Franchise System in relation to the Franchise Outlets;
- (b) an exclusive right to grant and/or assign sub-franchises to sub-franchisees in Singapore at the sole discretion of the Master Franchisee for operating and maintaining the Franchise Outlets and to adopt and use the Franchise System in relation to the Franchise Outlets; and
- (c) a non-transferable, non-exclusive licence to use the trade marks and other intellectual property rights of the Franchisor.

The sub-franchisees and their ultimate beneficial owner(s) shall be Independent Third Parties, except where the sub-franchisee and/or its ultimate beneficial owner(s) is a Related Party of the Master Franchisee.

Royalty

The Master Franchisee shall during the Term pay to the Franchisor the following Royalty:

- (a) (i) S\$100,000 per annum or (ii) an annual fee calculated based on a Flat Rate of the annual Total Sales of all Franchise Outlets on a 12-calendar month basis, whichever is higher, for the first Year and the second Year; and
- (b) from subsequent Years onwards after the second Year, an annual fee calculated based on a Flat Rate of the annual Total Sales of all Franchise Outlets.

Hand over of Stores

Under the transition arrangements, the handover work for existing Stores will commence on 19 August 2026, and all relevant Stores are expected to complete the transition to the “Franchise Model” on or before 31 December 2026, with all store-related operating expenses to be borne by the Master Franchisee. The overall transition will proceed in an orderly manner and will be concentrated and fully implemented within the Group's financial year 2027.

Apart from taking over the management of the relevant existing Franchise Outlets, the Master Franchisee shall have the right to identify and select suitable new locations in Singapore for setting up of new Franchise Outlets.

HISTORICAL TRANSACTION AMOUNTS

As at the date of this announcement, there has been no historical transactions between the Group and the Master Franchisee in relation to the transactions contemplated under the Master Franchise Agreement.

ANNUAL CAPS

The maximum aggregate transaction amounts in respect of the following transactions contemplated under the Master Franchise Agreement shall not exceed the annual caps set out in the table below:

Category of Transaction / Notes	For the 9 Months Ending 30 April 2027 (S\$)	For the Financial Year Ending 30 April 2028 (S\$)	For the Financial Year Ending 30 April 2029 (S\$)	For the 3 Months Ending 31 July 2029 (S\$)
1. Products supplied by Franchisor to Master Franchisee	3,000,000	6,000,000	9,000,000	3,400,000
2. All store-related operating expenses assumed by Master Franchisee for Franchisor	7,200,000	6,000,000	4,600,000	1,000,000
3. Royalty fees receivable by Franchisor from Master Franchisee	100,000	300,000	600,000	300,000
Subtotal	10,300,000	12,300,000	14,200,000	4,700,000
4. Allocation of Shop sales of Existing Stocks from Master Franchisee to Franchisor	4,970,000	—	—	—
Total	15,270,000	12,300,000	14,200,000	4,700,000

The annual caps are determined with reference to the following factors:

1. Estimated demand arising from products supplied by the Group to the Master Franchisee on a cost-plus basis with a reasonable margin determined after arm's length negotiations. The pricing mechanism is no less favorable than the terms offered by the Group to independent third parties for similar products;
2. (i) the historical aggregate amount of the Operating Expenses of approximately S\$13,000,000 incurred by the Franchisor for the year ended 30 April 2026; and (ii) the remaining term of the respective Existing Tenancy Agreements;
3. The Master Franchisee shall, on an annual basis, calculate, pay and remit to the Franchisor the annual royalty fee, which shall be calculated based on the estimated aggregate Total Sales of all Franchise Outlets multiplied by the applicable royalty rate;
4. Under the transition arrangements, the handover work for the Stores will commence on 19 August 2026, and all relevant Stores are expected to smoothly complete the transition to the "Franchise Model" on or before 31 December 2026. For any sales of Existing Stocks occurring after 18 August 2026, 73% of the store sales proceeds (inclusive of Goods and Services Tax (GST)) shall be remitted by the Master Franchisee to the Franchisor on a

weekly basis, with the Master Franchisee retaining the remainder. The overall transition will proceed in an orderly manner and will be concentrated and fully implemented within the Group's financial year 2027; and

5. A buffer in the range of approximately 5% to 10% has been incorporated in the annual caps to accommodate potential cost inflation, utility tariff adjustments, freight charge fluctuations, and general economic volatility, and to account for any exchange rate fluctuations between S\$ and HKD.

Under the Master Franchise Agreement, the Franchisor reserves the right, and shall be entitled in its absolute and sole discretion, to suspend the Master Franchise Agreement in the circumstances where the actual transaction amounts may exceed the annual caps above.

INTERNAL CONTROL POLICY

The Company has established various internal control measures in order to ensure that the transactions contemplated under the Master Franchise Agreement and the Transitional Agreement will be conducted in accordance with the pricing policies of the Group and their respective terms are on normal commercial terms or on terms no less favourable to the Group than those available to or from Independent Third Parties for similar products or services.

The internal control measures on the pricing policies and guidelines are as follows:

- (a) prior to entering into any contract for supply and procurement and/or purchase order for the Supply of Products, the Group will obtain and review that the prices for its supply of similar products on a cost-plus basis to comparable franchisees who are Independent Third Parties to ensure that the terms of the Supply of Products are on normal commercial terms or on terms which are no less favourable to the Group than terms available to Independent Third Parties; and
- (b) the finance team and management of the Group will regularly monitor the transactions contemplated under the Master Franchise Agreement and the Transitional Agreement to ensure that they adhere to the relevant pricing policies and guidelines.

The internal control measures on monitoring the annual caps are as follows:

- (a) the finance department of the Company will monitor the transactions contemplated under the Master Franchise Agreement on a regular basis to ensure that the annual caps will not be exceeded;
- (b) the finance department of the Company will report to the management of the Company and provide updates on the transactions contemplated under the Master Franchise Agreement on a monthly basis; and
- (c) the independent non-executive Directors and auditors of the Company will conduct an annual review with respect to the continuing connected transactions contemplated under the Master Franchise Agreement and the Transitional Agreement throughout the preceding financial year and will provide annual confirmations pursuant to the requirements under the Listing Rules to ensure that the continuing connected contemplated under the Master Franchise Agreement

and the Transitional Agreement are in accordance with the terms of the Master Franchise Agreement and the Transitional Agreement governing such transactions, on normal commercial terms, fair and reasonable, and in accordance with the pricing policies and the proposed annual caps.

TRANSITIONAL AGREEMENT

On 13 August 2026, the Franchisor entered into the Transitional Agreement with the Master Franchisee in relation to certain arrangements for the existing Stores pursuant to which the Master Franchisee agreed, among others, to pay the Franchisor (i) the Renovation Fees of S\$325,000 for the relevant Stores; and (ii) an amount not exceeding S\$2,000,000 in aggregate equivalent to the amount of the Security Deposits paid by the Franchisor to the respective landlords under the relevant Existing Tenancy Agreements, subject to the terms of the Transitional Agreement.

The principal terms of the Transitional Agreement relating to arrangements for Royalty, hand over of Stores, Sales from Stores, purchase of goods by Stores, Sales from Stores, purchase of goods by Stores, Supply of Products, operating costs and liabilities in connection with the Stores, guarantee by sub-franchisees and termination of the agreement are substantially the same as those in the Master Franchise Agreement and set out in the section headed “MASTER FRANCHISE AGREEMENT” in this announcement.

Save as disclosed above, the principal terms of the Transitional Agreement are set out below:

Renovation Fees

The Master Franchisee shall pay a total sum of S\$325,000 to the Franchisor as renovation fees for the existing Stores. The Renovation Fees were determined between the Franchisor and the Master Franchisee with reference to the aggregate amount of renovation fees incurred by the Franchisor in respect of the relevant existing Franchise Outlets.

Security Deposits

The Master Franchisee and/or its sub-franchisees shall take over all security deposits under the relevant Existing Tenancy Agreements for the Stores in accordance with the schedule to the Transitional Agreement.

The Master Franchisee and/or its sub-franchisees shall pay the Franchisor an amount not exceeding S\$2,000,000 in aggregate equivalent to the amount of the Security Deposits on or before 19 August 2026. The Security Deposits were determined between the Franchisor and the Master Franchisee with reference to the aggregate amount of the Security Deposits paid by the Franchisor to the respective landlords under the relevant Existing Tenancy Agreements.

Corporate guarantee and bankers’ guarantee

The Master Franchisee shall provide a corporate guarantee to the Franchisor on the Commencement Date for the assumption of responsibility for all operating costs and liabilities arising from or in relation to the operations of the Stores (where applicable) and the rental commitments under the relevant Existing Tenancy Agreements.

On the Commencement Date, the Master Franchisee shall also provide a bankers' guarantee in the amount of S\$1,000,000 to the Franchisor on such terms to be agreed by the relevant parties. The Franchisor shall only exercise its rights under such bankers' guarantee in the event of the Master Franchisee failing to fulfil its obligations under the Transitional Agreement, accompanied by clear proof that: (a) the Master Franchisee has breached its obligations under the Transitional Agreement; and (b) such breach has not been remedied or cannot be remedied by the Master Franchisee within a reasonable time, and such unremedied breach has caused loss to the Franchisor, and that such losses are direct, foreseeable, and contemplated by the Franchisor and the Master Franchisee at the time of entering into the Transitional Agreement.

INFORMATION OF THE GROUP AND THE FRANCHISOR

The Group is a leading housewares retail chain operating in Hong Kong, Singapore and other regions, specializing in the retail sale of housewares, electrical appliances and FMCG.

The Franchisor is a company incorporated in Singapore and an indirect non-wholly owned subsidiary of the Company. As at the date of this announcement, the Franchisor is owned as to 70% by the Group and 30% by Radha Japan. The Franchisor is principally engaged in retail sales of housewares and FMCG.

INFORMATION ON THE MASTER FRANCHISEE

The Master Franchisee is a company incorporated in Singapore and wholly-owned by the Gangaram Family. It is principally engaged in wholesale, import, export, and distribution of FMCG, general merchandise and household products.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER FRANCHISE AGREEMENT AND THE TRANSITIONAL AGREEMENT

The Directors consider that the entering into of the Master Franchise Agreement and the Transitional Agreement will enable the Group to: (a) streamline its retail operations in Singapore by transitioning to a scalable master franchise model while preserving market presence under the established trade name of "Japan Home" in Singapore; (b) accelerate the clearance of Existing Stocks of the Franchisor while securing a stable royalty income; (c) reduce the Franchisor's operating expenses, including but not limited to rental expenses under the Existing Tenancy Agreements as well as salaries and other staff-related expenses of existing employees of the Franchisor; and (d) leverage the operational experience and local distribution network of the Master Franchisee in Singapore.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Master Franchise Agreement and the Transitional Agreement are in the ordinary and usual course of business of the Group and the terms of the Master Franchise Agreement (including the annual cap amounts) and the Transitional Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors have a material interest in the transactions contemplated under the Master Franchise Agreement and the Transitional Agreement and none of them is required to abstain from voting on the relevant Board resolutions.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Gangaram Family, through Radha Japan, holds 30% equity interest in the Franchisor. Therefore, the Gangaram Family is a substantial shareholder of the Franchisor and a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

As the Master Franchisee is wholly-owned by the Gangaram Family, the Master Franchisee is an associate of the Gangaram Family and thus also a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Hence, the transactions contemplated under the Master Franchise Agreement and the Transitional Agreement will constitute continuing connected transactions and connected transactions of the Company, respectively under Chapter 14A of the Listing Rules.

As (i) the Master Franchisee is a connected person of the Company at the subsidiary level only; (ii) the highest applicable Percentage Ratio in respect of the annual caps for the transactions contemplated under the Master Franchise Agreement exceeds 5%; and one or more of the applicable Percentage Ratios in respect of the transactions contemplated under the Transitional Agreement exceeds 1%; (iii) the Master Franchise Agreement and the Transitional Agreement have been approved by the Board; and (iv) the terms of the Master Franchise Agreement and the Transitional Agreement have been confirmed by the independent non-executive Directors to be in the ordinary and usual course of business of the Group and on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole, the transactions contemplated under the Master Franchise Agreement and the Transitional Agreement are only subject to the reporting, announcement and where applicable, annual review requirements under Chapter 14A of the Listing Rules but are exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

DEFINITIONS

Unless otherwise defined, the following expressions have the following meanings in this announcement:

“Allocation of Shop sales of Existing Stocks from Master Franchisee to Franchisor ”	Under the transition arrangements, the handover work for the Stores will commence on 19 August 2026, and all relevant Stores are expected to smoothly complete the transition to the "Franchise Model" on or before 31 December 2026. For any sales of Existing Stocks occurring after 18 August 2026, 73% of the store sales proceeds (inclusive of Goods and Services Tax (GST)) shall be remitted by the Master Franchisee to the Franchisor on a weekly basis, with the Master Franchisee retaining the remainder.
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business”	the retail sales of the Products in the Franchise Outlets operated and maintained in accordance with the Franchise System under the Trade Name
“Commencement Date”	13 August 2026
“Company”	International Housewares Retail Company Limited, a company incorporated under the laws of the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Stocks”	means as at the close of 18 August 2026 any and all stocks, inventories, items, or goods that the Franchisor own in relation to the Stores regardless of whether such stocks, inventories, items, or goods are located in the Stores or elsewhere
“Existing Tenancy Agreements”	the existing tenancy agreements entered into between the Franchisor, as tenant, and the respective landlords in relation to the Franchise Outlets
“Flat Rate”	the annual fee calculated at a fixed rate of 0.35% of the total annual sales of all Franchise Outlets. The royalty fee rate was determined after arm’s length negotiations between the contracting parties with reference to: (i) market practice royalty rates in the Singapore retail and franchise industry; (ii) historical fee benchmarks charged by the Group to independent third-party franchisees; and(iii) the expected operating gross profit margin of the Franchise Outlets. The independent non-executive Directors and auditors of the Company will perform an annual review to confirm whether the relevant transactions

are executed in accordance with these commercial terms.

“FMCG”	Fast-moving consumer goods
“Franchise Outlet(s)”	a site or premises in Singapore from which the Business is operated, including direct franchise outlet(s) and sub-franchise outlet(s)
“Franchise System”	the business system or format and method developed and implemented by the Franchisor in connection with the operation of the Business utilising and comprising the trade mark, Trade Name, know-how and any other intellectual property of the Franchisor
“Franchisor”	Japan Home (Retail) Pte. Limited, a company incorporated in the Republic of Singapore and an indirect non-wholly owned subsidiary of the Company
“Gangaram Family”	Mr. Naraindas S/O Gangaram and his spouse, Mrs. Dinisha Naraindas Gangaram Nee Sangeeta Ramchand
“Group”	the Company and its subsidiaries
“GST”	the goods and services tax (which includes any imposition, duty or levy) chargeable under the Goods and Services Tax Act 1993 in Singapore or any statutory modification or re-enactment
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	any person or company and their respective ultimate beneficial owner(s) which are third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Franchise Agreement”	the master franchise agreement dated 13 August 2026 and entered into between the Franchisor and the Master Franchisee in relation to, among others, the grant of an exclusive right and licence by the Franchisor to the Master Franchisee to operate and maintain the Franchise Outlets
“Master Franchisee”	Radha Exports Pte. Ltd., a company incorporated in Singapore and wholly-owned by the Gangaram Family
“Operating Expenses”	has the meaning ascribed to it under the paragraph headed “MASTER FRANCHISE AGREEMENT – Operating costs and liabilities in connection with the Stores” in this announcement

“Percentage Ratios”	have the meaning ascribed to such term in Rule 14.07 of the Listing Rules
“Products”	all products of the Business, including but not limited to houseware products and FMCG
“Radha Japan”	Radha Japan Pte. Ltd., a company incorporated in the Republic of Singapore and wholly-owned by the Gangaram Family
“Related Party”	has the meaning given to it under Singapore accounting standards
“Renovation Fees”	the renovation fees in the amount of S\$325,000 payable by the Master Franchisee to the Franchisor in relation to the existing Stores
“Royalty”	royalty payable by the Master Franchisee to the Franchisor under the Master Franchise Agreement
“Sales from New Franchise Outlets”	the entire amount of actual sales income, whether for cash, credit or other consideration, of all sales of stocks, inventories, items, or goods in, on, or from any new Franchise Outlets set up by the Master Franchisee and operating under the name and style of “Japan Home”, and exclude GST, and after deducting any customer refunds or allowances arising from credits for defective stocks, inventories, items, or goods and payment service provider’s commission or charges
“Sales from Stores”	the entire amount of actual sales income, whether for cash, credit or other consideration, of all sales of stocks, inventories, items, or goods in, on, or from the Stores but excludes any shops not operating under the name and style of “Japan Home”, and exclude GST, and after deducting any customer refunds or allowances arising from credits for defective stocks, inventories, items, or goods and payment service provider’s commission or charges
“Security Deposits”	the security deposits paid by the Franchisor to the respective landlords under the relevant Existing Tenancy Agreements
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Stores”	the stores operating under the name and style of “Japan Home” whose operations are taken over and will be operated by the Master Franchisee
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Supply of Products”	has the meaning ascribed to it under the paragraph headed “MASTER FRANCHISE AGREEMENT – Supply of

	Products” in this announcement
S\$	Singapore Dollars, the lawful currency of Singapore
“Term”	the term of the Master Franchise Agreement, being an initial term of 3 years commencing from the Commencement Date
“Total Sales”	the aggregate of Sales from Stores and Sales from New Franchise Outlets
“Trade Name”	“Japan Home” and “日本の家” and such other trade names that the Franchisor may designate from time to time
“Transitional Agreement”	the agreement dated 13 August 2026 and entered into between the Franchisor and the Master Franchisee in relation to certain arrangements for the existing Stores
“Year”	12-month period commencing on the Commencement Date and each successive 12-month period thereafter commencing on an anniversary of the Commencement Date; and
“%”	per cent.

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

Hong Kong, 13 August 2026

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.