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International Housewares Retail Company Limited
國際家居零售有限公司

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

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2024

The board of directors (the "Board" or "Director(s)") of International Housewares Retail Company Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group" or "We") for the six months ended 31 October 2024 (the "Period") prepared in accordance with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules" and the "Stock Exchange" respectively), together with comparative figures for the six months ended 31 October 2023 ("2023/24").

FINANCIAL HIGHLIGHTS

- The Group's revenue for the Period was HK$1,270,635,000 (2023/24[1]: HK$1,322,485,000), representing a 3.9% decline.

- The profit attributable to owners of the Company for the Period was HK$32,959,000 (2023/24: HK$50,764,000), reflecting a decrease of 35.1%.

- The Board has resolved to declare an interim dividend of 4.0 HK cents per share.

Note:

1. *Comparative figures for the six months ended 31 October 2023 are shown as ("2023/24") in brackets.*

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

The Group's revenue for the Period was HK$1,270,635,000 (2023/24: HK$1,322,485,000), representing a 3.9% decline. This decrease indicated Hong Kong's retail market has entered a phase of transition, marked by normalizing of travel abroad and northward consumption. In addition, the strong US dollar and a weakened capital market have further reduced spending within Hong Kong's retail sector. The profit attributable to owners of the Company for the Period was HK$32,959,000 (2023/24: HK$50,764,000), reflecting a decrease of 35.1%.

By leveraging favorable procurement costs from our globally renowned suppliers, especially in regions where the exchange rate benefits us due to the strong Hong Kong dollar, we have been actively expanding our product portfolio as well as new categories to our product mix with high-quality at favorable prices to ensure close alignment with current trends that are popular among our customers to bolster our revenue. We have also developed our private label by improving quality, introducing new features, enhancing design and packaging, and marketing to build a strong brand image and customer loyalty focused on the uniqueness of the products. In addition to diversifying our private label, expanding and enriching the product range in the market is another area where we will increase our efforts to improve our gross profit margin and access additional market opportunities and customer segments. The Group's gross profit margin slightly increased to 47.0% of the Period (2023/24: 46.8%).

Liquidity and Financial Resources

The Group has continued to maintain a strong liquidity and cash flow position, which is of paramount importance for its future development, particularly amid such uncertain economic times. As at 31 October 2024, the Group had cash and cash equivalents amounting to HK$308,072,000 (31 October 2023: HK$318,775,000). The majority of the Group's cash and bank deposits were denominated in Hong Kong dollars and were deposited with major banks in Hong Kong, with maturity dates falling within three months.

It is the Group's treasury management policy to not engage in any highly leveraged or speculative derivative products and it will continue to place the majority of its surplus cash in Hong Kong dollar bank deposits with appropriate maturity periods to meet funding requirements in the future. As at 31 October 2024, the current ratio for the Group was 1.6 (30 April 2024: 1.5). Borrowings amounted to HK$20,348,000 (30 April 2024: HK$22,820,000). The Group was in a net cash position as at 31 October 2024. It's gearing ratio as determined by total borrowings and loans due to a non-controlling shareholder divided by total equity was 3.13% (30 April 2024: 3.37%).

Human Resources

Despite HKSAR government efforts to alleviate the labour shortage through measures like the Enhanced Supplementary Labour Scheme, businesses continue to struggle with high staff costs. In addition to following the local market salary requirements, accommodation, training fees, and recruitment fees for imported labor have all contributed to these increased expenses. In response, our Group has implemented stringent cost control measures, including strict budgeting and workforce optimization. These efforts have successfully mitigated financial pressures, resulting in an 8.1% reduction in total staff costs, from HK$216,886,000 in 2023/24 to HK$199,383,000. In addition, the Group has embraced in-store automation technologies to release manpower and workload to help streamline tasks and raise operational efficiencies. Moreover, the Group has made timely adjustments in manpower deployment across different stores to control our total man-hours and the staff cost. The Group regularly reviews its remuneration packages and rewards qualified employees with performance bonuses and share awards. The allocation of annual discretionary bonuses and share awards takes into consideration the individual's performance. As at 31 October 2024, the Group had approximately 2,070 employees (at 31 October 2023: 2,190 employees).

Distribution Network

Established in 1991, the Group offers housewares, trend-based items, health and wellness care, personal care, food and household FMCG through an comprehensive retail network comprising of around 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 comprehensive range of items at competitive prices. It reinforces its position as an omni-channel retail chain of general merchandise stores ("GMS") while evolving towards a lifestyle convenience store model, with the aim to provide a convenient shopping experience for customers

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. In light of the HKSAR government's initiative to attract talent and increase housing supply in Hong Kong, we must strategically prepare for the development of our store network to align with the demographic shifts and housing availability.

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.

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. The following table shows the number of stores that the Group directly manages and licenses worldwide:

	As at 31 October 2024	**As at 30 April 2024**	**Net increase/ (decrease)**
The Group’s Directly Managed Stores			
Hong Kong	314	315	(1)
Singapore	48	47	1
Macau	9	9	-
The Group’s Licensed Stores	5	5	-
Total	**376**	**376**	**-**

Operational Review by Business Nature

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

The retail segment continued to be the primary revenue driver of the Group during the Period. The Group has continued to increase the variety of product offerings to help capture additional market opportunities and expand its customer base. These endeavors contributed to retail revenue reaching HK$1,257,698,000 (2023/24: HK$1,318,523,000), which also included consignment sales commission income that accounted for 99.0% (2023/24: 99.7%) of the Group’s total revenue for the Period.

The income from the wholesale, licensing and others together increased to HK$12,937,000 for the Period (2023/24: HK$3,962,000).

Operational Review by Geographical Locations

Operational Review – Hong Kong

Hong Kong’s retail market has undergone significant changes, with a noticeable shift in local consumer behavior. Residents have not returned to their pre-pandemic spending habits, particularly in the evenings. This shift is further intensified by normalizing travel abroad and northward consumption for leisure and shopping. In addition to the pandemic's impact, the strong US dollar and a weakened capital market have further reduced spending within Hong Kong's retail sector. Furthermore, intense competition in both online and offline sales channels has placed additional pressure on our business. Consequently, the Group recorded a revenue of HK$1,099,958,000 from Hong Kong for the Period (2023/24: HK$1,147,066,000), reflecting a 4.1% decline. Hong Kong remains the Group’s key market, accounting for 86.6% (2023/24: 86.7%) of its total revenue.

The HKSAR government's efforts to alleviate the labour shortage through measures like the Enhanced Supplementary Labour Scheme have not fully mitigated the challenges businesses face with high staff costs. In addition to following the local market salary requirements, accommodation, training fees, and recruitment fees for imported labor have all contributed to these increased expenses. Our ongoing cost control measures, including strict budgeting and optimizing our workforce, have yielded positive outcomes in mitigating these financial pressures. Additionally, we are actively negotiating expiring leases with landlords to reduce rental costs. We anticipate that the benefits of these efforts will be reflected in our financial results over the next year or two, as most of our leases are for a period of three years. We are confident that these measures are essential for our long-term financial performance and stability.

Despite these challenges, we are encouraged by the Central Government's continuous rollout of new measures benefiting Hong Kong, including the resumption of the multiple-entry Individual Visit Scheme for Shenzhen residents, to further stimulate the local retail market, coupled with the HKSAR government's initiative to attract talent and increase housing supply in Hong Kong. In response to these positive developments, we are committed to swiftly adjusting our product assortment to align with these new measures, promising to create a convenient shopping experience for our customers as well as new revenue sources for the Group.

Operational Review – Singapore

Singapore's revenue experienced a 3.7% decline for the Period, amounting to HK$147,986,000 (2023/24: HK$153,598,000).

We are steadfast in our commitment to position Singapore as a strategic market within our Group, with a focus on maintaining our market presence and brand recognition. Our strategic initiatives will aim at capturing new opportunities while placing significant emphasis on cost control and operational efficiency. By optimizing our operations and boosting productivity, we aim to enhance overall efficiency and profitability.

Understanding and meeting customer needs is fundamental to our business. We will continuously adjust our assortment plan to align with the evolving preferences and demands of our customers. This approach aims to maintain customer satisfaction and loyalty, thereby driving sales and profitability. By incorporating the Group’s OEM products, we can enrich our product assortment, providing a wider range of options to cater to diverse preferences and needs. This strategy will also help differentiate us from competitors in the market.

Adhering to the group sourcing plan is important for obtaining competitive purchase prices by utilizing the group's collective buying power, allowing us to negotiate more favourable terms with suppliers. These savings can be passed on to our customers, enhancing our value proposition. Additionally, leveraging the Group’s sourcing and supply chain facilities will streamline our operations, ensuring a more efficient and reliable supply chain, reducing lead times, and improving inventory management. This will enable us to better serve our customers and respond swiftly to market changes.

Operational Review – Macau

The Group's operations in Macau continued to be profitable, demonstrating satisfactory sales performance during the Period. Revenue reached HK$22,691,000 (2023/24: HK$21,821,000), representing an increase of approximately 4%.

Prospects

Toward the convenience business model and explore potential business opportunities

Hong Kong’s retail market has entered a phase of transition, marked by a noticeable shift in local consumer behavior, particularly in the evenings. This change is intensified by normalizing travel abroad and northward consumption for leisure and shopping. Besides the pandemic's impact, the strong US dollar and a weakened capital market have further reduced spending within Hong Kong's retail sector, and we have not been exempted from these challenges.

We remain dedicated to staying updated with current market trends and aligning ourselves with new preferential measures that benefit the market. Encouraged by the Central Government's continuous to roll out series of new measures benefitting Hong Kong, including the resumption of the multiple-entry Individual Visit Scheme for Shenzhen residents, to further stimulate the local retail market, coupled with the HKSAR government's initiative attract talent and increase housing supply in Hong Kong, we have been brought many potential business opportunities. Our focus is on enhancing procurement across diverse product categories to seize potential business opportunities for both local and cross-border consumption. In response, we are committed to swiftly adjusting our product assortment to align with these new measures, promising to provide customers with convenience in their daily lives, thereby injecting new momentum into our revenue in future.

Upgrade J-Fun gold membership plan to enhance customer loyalty

We are dedicated to improving our service quality and ensuring every customer feels welcome. Our adaptable and flexible frontline sales staff are crucial in enhancing service value. Additionally, we aim to upgrade our existing 1 million J-Fun registered members to gold status by 2025. Of these, 300,000 members will enjoy exclusive discounts and benefits. This initiative will not only boost customer loyalty and engagement but also drive increased earnings from retail sales.

In an ever-changing online sales landscape, we aim to provide convenience to our customers to set ourselves apart in the competitive online and offline environment. Our self-operated online shopping platform "JHCeshop" has introduced a one-hour “click & collect” service. This enables customers to collect their orders at nearby stores as early as one hour after placing an order on the e-commerce platform. This service leverages Hong Kong's retail network to enhance customer convenience and flexibility, creating a one-stop omnichannel shopping experience. Moreover, we intend to broaden our collaboration with third-party e-commerce platforms to generate new value in our e-commerce sector. Moving forward, we will continue to refine our product offerings across multiple online sales channels to address diverse consumer needs.

Provide high-quality products at favorable prices

In the current market landscape, we are dedicated to providing high-quality products at competitive prices as a strategic response to market trends. We focus on value for money, ensuring that our offerings are affordable and meet customer needs. We aim to expand our product assortment and ensure appropriate stock levels. Continuous improvement and adaptability are central to our business model to meet the evolving demands of the market. In alignment with the latest market development trends, we will respond promptly to customer needs and continuously adjust its procurement strategies. This focus has been a core priority in recent years and is an essential component of our strategic growth plan. By leveraging favorable procurement costs from our globally renowned suppliers, especially in regions where the exchange rate benefits us due to the strong Hong Kong dollar, we have been actively expanding our product portfolio as well as new categories to our product mix with high-quality at favorable prices to ensure close alignment with current trends that are popular among our customers. The restructuring of our logistics and distribution center aims to serve as a central hub for global sourcing. This initiative leverages our sourcing strengths, improves product distribution efficiency, and drives future growth.

Additionally, we acknowledge the significance of brand loyalty and differentiation in the current competitive retail environment. Therefore, we will continue to develop our private label by improving quality, introducing new features, enhancing design and packaging, and marketing to build a strong brand image and customer loyalty focused on the uniqueness of the products. In addition to diversifying our private label, expanding and enriching the product range in the market is another area where we will increase our efforts to improve our gross profit margin and access additional market opportunities and customer segments.

Fortify our core business and strict budgeting

In response to various external complex and unstable factors, we are implementing measures to mitigate the impact on our operations and maintain a flexible business strategy. In our pursuit of excellence, we will focus on fortifying our core business operations by conducting a thorough review of each store's performance, aiming to improve the productivity of individual locations while continuing to refine our 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 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.

Despite HKSAR government efforts to alleviate the labour shortage through measures like the Enhanced Supplementary Labour Scheme, businesses continue to struggle with high staff costs. In addition to following the local market salary requirements, accommodation, training fees, and recruitment fees for imported labor have all contributed to these increased expenses. It is important to note the results of our ongoing cost control measures in mitigating these financial pressures, which include efforts in strict budgeting, as well as optimizing and streamlining our workforce. These measures have yielded positive outcomes. In terms of rental costs, we have also in the progress of our efforts to negotiate expiring leases with landlords, which we anticipate that the benefits of these efforts during the renewal will unfold in the financial results over the next year or two, as most of our leases are for a period of three years. In this regard, we are confident that these efforts are essential for our long-term financial performance and stability.

Looking ahead, 2025 presents numerous challenges and uncertainties, Hong Kong city is navigating a period of restructuring, marked by both opportunities and obstacles. We must enhance our operational efficiency and enforce stringent cost-control measures to stay competitive in this tough market environment while adapting to new market trends. This approach will position us better to remain competitive and seize new market opportunities aligned with our business development plans, aiming for sustainable growth in the future. Going forward, we are aware of the potential difficulties that lie ahead, but with our experienced management team, quick market response, and sustained commitment to future development, we are well-positioned to overcome obstacles and prepare for the next phase of development.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 OCTOBER 2024

	Note	Unaudited six months ended 31 October 2024 HK$'000	2023 HK$'000
Revenue	4	1,270,635	1,322,485
Cost of sales		(673,954)	(703,666)
Gross profit		596,681	618,819
Other income		7,429	9,324
Other losses, net		(966)	(1,357)
Distribution and advertising expenses		(27,492)	(27,874)
Administrative and other operating expenses		(528,794)	(531,766)
Operating profit	5	46,858	67,146
Finance income		3,097	4,457
Finance expenses		(12,591)	(11,791)
Finance expenses, net		(9,494)	(7,334)
Profit before income tax		37,364	59,812
Income tax expense	6	(7,348)	(10,892)
Profit for the period		30,016	48,920
Other comprehensive income/(loss)			
Item that may be reclassified to profit or loss			
Currency translation differences		853	(2,667)
Total comprehensive income for the period		30,869	46,253
Profit/(loss) for the period attributable to:			
- Owners of the Company		32,959	50,764
- Non-controlling interests		(2,943)	(1,844)
		30,016	48,920
Total comprehensive income/(loss) for the period attributable to:			
- Owners of the Company		33,672	48,282
- Non-controlling interests		(2,803)	(2,029)
		30,869	46,253
Earnings per share attributable to owners of the Company (expressed in HK cents per share)	7		
- Basic earnings per share		4.58	7.06
- Diluted earnings per share		4.57	7.01

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

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
AS AT 31 OCTOBER 2024

	Note	Unaudited As at 31 October 2024 HK$'000	Audited As at 30 April 2024 HK$'000
Assets			
Non-current assets			
Property, plant and equipment		208,266	210,895
Right-of-use assets		481,320	537,890
Investment properties		32,552	32,191
Intangible assets		30,976	26,960
Deferred income tax assets		5,541	5,564
Financial assets at fair value through profit or loss		7,400	8,139
Prepayments and deposits	8	55,594	61,624
		821,649	883,263
Current assets			
Inventories		417,031	402,599
Trade and other receivables, prepayments and deposits	8	122,737	117,819
Cash and cash equivalents		308,072	338,501
		847,840	858,919
Total assets		1,669,489	1,742,182

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)
AS AT 31 OCTOBER 2024

	Note	Unaudited As at 31 October 2024 HK$'000	Audited As at 30 April 2024 HK$'000
Equity			
Capital and reserves attributable to the owners of the Company			
Share capital and share premium		589,517	589,517
Reserves		294,295	299,839
		883,812	889,356
Non-controlling interests		1,549	4,352
Total equity		885,361	893,708
Liabilities			
Non-current liabilities			
Deferred income tax liabilities		498	498
Provision for reinstatement costs	9	4,643	4,444
Lease liabilities		243,240	266,038
Borrowings		6,787	7,304
		255,168	278,284
Current liabilities			
Trade and other payables	9	232,130	244,867
Contract liabilities	9	7,062	8,443
Loans due to a non-controlling shareholder of a subsidiary		7,352	7,257
Borrowings		13,561	15,516
Lease liabilities		253,088	285,575
Current income tax liabilities		15,767	8,532
		528,960	570,190
Total liabilities		784,128	848,474
Total equity and liabilities		1,669,489	1,742,182

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

International Housewares Retail Company Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in retail sales and trading of 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, KY1-1111, Cayman Islands.

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

This condensed consolidated interim financial information is presented in HK dollars ("HK$") and rounded to the nearest thousand HK$ ("HK$'000"), unless otherwise stated. This interim financial information has been approved for issue by the Board of Directors on 20 December 2024.

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

2 Basis of presentation

This condensed consolidated interim financial information for the six months ended 31 October 2024 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

This condensed consolidated interim financial information does not include all the notes of the type of normally included in annual consolidated financial statements. Accordingly, this condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 30 April 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3 Accounting policies

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 30 April 2024, as described in those annual consolidated financial statements, except for estimation of income tax and the adoption of the new and amended standards as set out below.

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

3 Accounting policies (Continued)

(a) New and amended standards adopted by the Group

The Group has applied the following new and amended standards and revised interpretation for the first time for the financial year beginning on 1 May 2024:

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
HKAS 1 (Amendments)	Non-current Liabilities with Covenants
HKHFS 16 (Amendments)	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements

The adoption of these new and amended standards did not have significant impact on the amounts recognised in prior or current periods.

(b) New and amended standards not yet adopted by the Group

The following new and amended standards and revised interpretation which have been issued but are not effective for the Group's financial year beginning on 1 May 2024 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 21 and HKFRS 1 (Amendments)	Lack of Exchangeability	1 May 2025
HKFRS 9 and HKFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments	1 May 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 May 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 May 2027
Hong Kong Interpretation 5 (Amendments)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayments on Demand Clause	1 May 2027
HKFRS10 and HKAS28 (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 the above new and amended standards 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.

4 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 six months ended 31 October 2024 is as follows:

	Unaudited			
	Retail			
	Hong Kong and Macau HK$'000	Singapore HK$'000	Wholesales, licencing and others HK$'000	Total HK$'000
Segment revenue (all from external customers)	1,109,712	147,986	12,937	1,270,635
Cost of sales	(581,867)	(83,720)	(8,367)	(673,954)
Segment results	527,845	64,266	4,570	596,681
Gross profit %**	47.57%	43.43%	35.33%	46.96%
Other income				7,429
Other losses, net				(966)
Distribution and advertising expenses				(27,492)
Administrative and other operating expenses				(528,794)
Operating profit				46,858
Finance income				3,097
Finance costs				(12,591)
Profit before income tax				37,364
Income tax expense				(7,348)
Profit for the period				30,016

4 Segment information (Continued)

The segment information provided to the executive directors for the reportable segments for the six months ended 31 October 2023 is as follows:

	Unaudited			
	Retail			
	Hong Kong and Macau HK$'000	Singapore HK$'000	Wholesales, licencing and others HK$'000	Total HK$'000
Segment revenue (all from external customers)	1,164,925	153,598	3,962	1,322,485
Cost of sales	(613,202)	(87,669)	(2,795)	(703,666)
Segment results	551,723	65,929	1,167	618,819
Gross profit %**	47.36%	42.92%	29.45%	46.79%
Other income				9,324
Other losses, net				(1,357)
Distribution and advertising expenses				(27,874)
Administrative and other operating expenses				(531,766)
Operating profit				67,146
Finance income				4,457
Finance costs				(11,791)
Profit before income tax				59,812
Income tax expense				(10,892)
Profit for the period				48,920

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

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the six months ended 31 October 2024 and 2023. The accounting policies of the reportable segments are the same as the Group's accounting policies.

During the six months ended 31 October 2024, revenues include sales of goods of HK$1,269,460,000 (during the six months ended 31 October 2023: HK$1,321,365,000), revenue arising from customer loyalty programme of HK$593,000 (during the six months ended 31 October 2023: HK$569,000) and consignment sales commission of HK$582,000 (during the six months ended 31 October 2023: HK$551,000).

The revenue from the Group's largest customer accounted for less than 10% of the Group's total revenue for the six months ended 31 October 2024 and 2023.

All of the Group's revenues are recognised at a point in time for the six months ended 31 October 2024 and 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

4 Segment information (Continued)

The following tables present segment assets and liabilities as at 31 October 2024 and 30 April 2024 respectively:

	Unaudited As at 31 October 2024			
	Retail			
	Hong Kong and Macau HK$'000	Singapore HK$'000	Wholesales, licencing and others HK$'000	Total HK$'000
Segment assets	1,120,462	186,984	8,478	1,315,924
Segment liabilities	633,094	120,869	6,548	760,511

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

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 costs, lease liabilities, borrowings, trade and other payables and contract liabilities.

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

	Unaudited As at 31 October 2024 HK$'000	Audited As at 30 April 2024 HK$'000
Segment assets	1,315,924	1,357,787
Investment properties	32,552	32,191
Financial assets at fair value through profit or loss	7,400	8,139
Deferred income tax assets	5,541	5,564
Cash and cash equivalents	308,072	338,501
Total assets	1,669,489	1,742,182

4 Segment information (Continued)

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

	Unaudited As at 31 October 2024 HK$'000	Audited As at 30 April 2024 HK$'000
Segment liabilities	760,511	832,187
Deferred income tax liabilities	498	498
Loans due to non-controlling shareholders of a subsidiary	7,352	7,257
Current income tax liabilities	15,767	8,532
Total liabilities	784,128	848,474

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

	Unaudited Six months ended 31 October 2024 HK$'000	2023 HK$'000
Hong Kong	1,099,958	1,147,066
Singapore	147,986	153,598
Macau	22,691	21,821
	1,270,635	1,322,485

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

	Unaudited As at 31 October 2024 HK$'000	Audited As at 30 April 2024 HK$'000
Hong Kong	579,732	639,502
Mainland China	40,115	39,898
Singapore	108,674	118,609
Macau	56,611	52,730
	785,132	850,739

5 Operating profit

The following items have been charged to the operating profit during the six months ended 31 October 2024 and 2023:

	Unaudited Six months ended 31 October 2024 HK$'000	2023 HK$'000
Employee benefit expenses (including directors' emoluments)	199,383	216,886
Short-term lease expenses	48,315	30,649
Depreciation of property, plant and equipment	16,742	16,424
Depreciation of right-of-use assets	164,962	170,553
Amortisation of intangible assets	2,258	1,998
Provision for slow moving and near-expiry inventories	900	901
Loss on disposal of property, plant and equipment	226	369
Fair value loss on financial asset at fair value through profit or loss	739	1,110
Net exchange losses/(gains)	1,068	(149)

6 Income tax expense

During the six-months ended 31 October 2024 and 2023, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit. Overseas profits tax has been provided at the standard tax rate of the respective entities according to local tax laws.

	Unaudited Six months ended 31 October 2024 HK$'000	2023 HK$'000
Hong Kong profits tax		
- Current year	7,330	10,598
Overseas taxation		
- Current year	7	107
- Over-provision in prior years	(12)	-
	7,325	10,705
Deferred income tax	23	187
Income tax expense	7,348	10,892

7 Earnings per share

(a) Basic

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

	Unaudited Six months ended 31 October 2024	2023
Profit attributable to owners of the Company (HK$'000)	32,959	50,764
Weighted average number of ordinary shares in issue (in thousands) (Note)	719,718	719,292
Basic earnings per share attributable to owners of the Company (HK cents per share)	4.58	7.06

Note:

Weighted average number of ordinary shares in issues 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 Company has two categories of dilutive potential ordinary share: share options and share awards. The number of shares that would have been issued assuming the vesting of share awards and exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

	Unaudited Six months ended 31 October 2024	2023
Profit attributable to owners of the Company (HK$'000)	32,959	50,764
Weighted average number of shares for diluted earnings per share (in thousands)	720,668	724,002
Diluted earnings per share attributable to owners of the Company (HK cents per share)	4.57	7.01

8 Trade and other receivables, prepayments and deposits

	Unaudited As at 31 October 2024 HK$'000	Audited As at 30 April 2024 HK$'000
Trade receivables, net	8,983	8,264
Prepayments	21,156	21,673
Deposits and other receivables	148,192	149,506
	178,331	179,443
Less: non-current portion		
Deposits	(55,459)	(61,624)
Prepayments	(135)	-
	(55,594)	(61,624)
Current portion	122,737	117,819

The Group conducts sales to customers on a cash-on-delivery basis for retail sales. At 31 October 2024 and 30 April 2024, the ageing analysis of trade receivables based on invoice date is as follows:

	Unaudited As at 31 October 2024 HK$'000	Audited As at 30 April 2024 HK$'000
Up to 3 months	8,912	8,255
3 to 6 months	71	9
	8,983	8,264
Less: provision for impairment of trade receivables	-	-
	8,983	8,264

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

	Unaudited As at 31 October 2024 HK$'000	Audited As at 30 April 2024 HK$'000
Current		
Trade payables	180,791	192,185
Other payables and accruals	44,246	45,478
Deposits received	45	41
Provision for employee benefits	7,048	7,163
	232,130	244,867
Non-current		
Provision for reinstatement cost	4,643	4,444
	236,773	249,311
Contract liabilities		
Receipts in advance and cash coupons	4,421	5,555
Deferred revenue arising from customer loyalty programs	2,641	2,888
	7,062	8,443

The carrying values of trade and other payables approximate their fair values as at 31 October 2024 and 30 April 2024.

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

	Unaudited As at 31 October 2024 HK$'000	Audited As at 30 April 2024 HK$'000
0-30 days	114,713	135,198
31-60 days	38,642	33,753
61-90 days	23,235	22,745
91-120 days	4,201	489
	180,791	192,185

10 Dividends

During the six months ended 31 October 2024, a final dividend totaling HK$40,305,000 in relation to the year ended 30 April 2024 was declared and paid.

On 20 December 2024, the Board resolved to declare an interim dividend of 4.0 HK cents (2023/24: interim dividend paid of 5.6 HK cents) per share, totaling HK$28,800,000 (2023/24: HK$40,315,000). The proposed dividend has not been recognised as a liability in this interim financial information but will be reflected as an appropriation of retained profits for the year ending 30 April 2025.

OTHER INFORMATION

Compliance with Corporate Governance Code

The Company has adopted the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix C1 to the Listing Rules. The Directors recognise the importance of good corporate governance in the management of the Group. The Board will review and monitor the corporate governance practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices.

The Board is of the view that the Company has met the code provisions set out in the CG Code, except for the 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 the business development of the Group.

Review of Financial Statements

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

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix C3 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. Having made a specific enquiry with all of the Directors, the Directors confirmed that they had been in compliance with the required standard set out in the Model Code throughout the Period.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the Period.

Interim Dividend

The Board has resolved to declare an interim dividend of 4.0 HK cents (2023/24: an interim dividend of 5.6 HK cents) per share, representing a total payout of approximately HK$28,800,000 (2023/24: approximately HK$40,315,000). Shareholders whose names appear on the register of members of the Company on Friday, 10 January 2025 will be entitled to the interim dividend which will be paid on or around Wednesday, 5 February 2025.

OTHER INFORMATION (Continued)

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 8 January 2025 to Friday, 10 January 2025, (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for an interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar and Transfer Office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Tuesday, 7 January 2025.

Publication

The interim results announcement of the Company for the six months ended 31 October 2024 is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ihr.com.hk) respectively. The interim report for the six months ended 31 October 2024 will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

Appreciation

On behalf of the Board, I would like to thank all of our management team members and staff for their commitment and contributions. I also greatly appreciate the constant support of our customers, business partners and shareholders. We shall be grateful for your continuing trust and support in the years to come.

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

Hong Kong, 20 December 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.