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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 APRIL 2025

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 2025 (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 2024 (“2023/24” or the “Last Year”).

HIGHLIGHTS

Revenue for the Year amounted to HK\$2,536,822,000 (2023/24: HK\$2,687,036,000) ⁽¹⁾, representing a decrease of 5.6%.

Profit attributable to owners of the Company for the Year was HK\$47,727,000 (2023/24: HK\$101,070,000). After excluding from which government grants of HK\$1,447,000 (2023/24: HK\$5,923,000), this represents a decrease of 51.4%.

The Group maintained a strong financial position with cash and cash equivalents of HK\$284,560,000 (31 October 2024: HK\$308,072,000).

The Board has resolved to recommend payment of a final dividend of HK1.5 cents per share. Together with an interim dividend of HK4.0 cents per share already paid, the total dividend for the Year would be HK5.5 cents per share (2023/24: HK11.2 cents per share).

Note:

1. *Comparative figures for the financial year ended 30 April 2024 are shown as 2023/24 or 2024 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 around 367 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, \$SMART (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. The Group reinforces its position as an omni-channel retail chain of general merchandise stores (“GMS”) while evolving towards a daily convenience store model for customers, with the aim to provide a “one-stop” omnichannel shopping experience for customers.

FINANCIAL PERFORMANCE

Profit attributable to owners of the Company for the Year was HK\$47,727,000 (2023/24: HK\$101,070,000). After excluding from which government grants of HK\$1,447,000 (2023/24: HK\$5,923,000), this represents a decrease of 51.4%.

The Board attributes this decrease primarily to weaker consumer sentiment and shifting consumer preferences, compounded by the intense competition from mainland e-commerce platforms. These factors turned to a 5.6% reduction in the Group’s revenue for the Year, which totaled HK\$2,536,822,000 (2023/24: HK\$2,687,036,000).

LIQUIDITY AND FINANCIAL RESOURCES

The Group reaffirms that its financial operations remain stable, with sound liquidity and prudent capital management. Despite the challenging market conditions, the Group continues to maintain profitability, supported by a stable historical earnings record. As at 30 April 2025, the Group maintained a strong financial position with cash and cash equivalents of HK\$284,560,000 (31 October 2024: HK\$308,072,000). 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 prudent 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 2025, the Group’s current ratio was consistent at 1.7 (30 April 2024: 1.5). The total borrowings of the Group as at 30 April 2025, amount to HK\$15,114,000 (30 April 2024: HK\$22,820,000). The Group’s gearing ratio, as determined by total borrowings and loans from non-controlling shareholder of a subsidiary divided by total equity, was reported as 2.61% (30 April 2024: 3.37%). This contributed to the Group’s net cash position.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

DISTRIBUTION NETWORK

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 367 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. The Group reinforces its position as an omni-channel retail chain of general merchandise stores (“GMS”) while evolving towards a daily convenience store model for customers, with the aim to provide a “one-stop” omnichannel shopping experience for customers.

Built on over three decades of resilience, it is evident that our Group’s strong brand recognition and extensive retail network have served as the foundation for our stable and sustainable business scale and market share. In response to the HKSAR government’s initiatives to attract talent and expand housing supply in Hong Kong, we must strategically plan the development of our store network to align with evolving demographic trends and housing availability. Concurrently, we are conducting a comprehensive review of our existing store network, pursuing rental cost negotiations, and phasing out underperforming locations to enhance operational efficiency.

The launch of our "Click & Collect" service on the "JHC eShop" and "Easy Buy" online platforms has transformed our retail stores into efficient fulfillment hubs for online orders. This initiative has expanded our product offerings, particularly for bulk items such as plastic storage solutions, furniture, and large electrical appliances. We believe these measures will further optimize retail space utilization, enabling greater flexibility in store location selection and improved control over rental expenses.

Looking ahead, the Group maintains a cautiously optimistic outlook for its medium- to long-term business prospects, with a continued focus on Hong Kong, Singapore, and Macau. Below is a summary of the Group’s directly managed and licensed stores worldwide:

	As at 30 April 2025	As at 30 April 2024	Net (decrease)
The Group’s directly managed stores			
Hong Kong	306	315	(9)
Singapore	47	47	–
Macau	9	9	–
The Group’s overseas licensed stores	5	5	–
Total	367	376	(9)

HUMAN RESOURCES

Despite the HKSAR government’s efforts to address labor shortages through initiatives such as the Enhanced Supplementary Labour Scheme, businesses continue to face challenges due to elevated staff costs. In response, the Group has implemented rigorous cost-control measures, including strict budgetary oversight and workforce optimization. Strategic adjustments in manpower allocation across various stores have been made to optimize total working hours and control staffing costs. Furthermore, the Group has adopted in-store automation technologies to reduce manual workloads, streamline operations, and enhance efficiency. These initiatives have effectively alleviated financial pressures, leading to a 7% reduction in total employee benefit expenses for the Year, decreasing to HK\$406,146,000 (2023/24: HK\$436,746,000).

The Group regularly reviews its remuneration packages and rewards qualified employees with performance bonuses and share awards, taking into consideration the individual’s performance. As of 30 April 2025, the Group employed approximately 2,007 employees (30 April 2024: 2,127).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OPERATIONAL REVIEW BY BUSINESS NATURE

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 around 367 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, \$SMART (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. The Group reinforces its position as an omni-channel retail chain of general merchandise stores ("GMS") while evolving towards a daily convenience store model for customers, with the aim to provide a "one-stop" omnichannel shopping experience for customers.

The Group achieved the retail revenue of HK\$2,517,694,000 for the Year (2023/24: HK\$2,679,417,000), which included consignment sales commission income, accounted for 99.2% (2023/24: 99.7%) of its total revenue. The revenue from the wholesale business, licensing income and others as a whole amounted to HK\$18,128,000 (2023/24: HK\$7,619,000).

OPERATIONAL REVIEW BY GEOGRAPHICAL LOCATIONS

Operations Review – Hong Kong and Macau

Hong Kong's retail sector continues to face challenges surpassing even those experienced during the pandemic, due to macroeconomic uncertainties, shifting consumer behavior, and intensifying e-commerce competition. Upholding our core strategy of "financial prudence and swift adaptation," the Group is leading to enduring profitability in the Hong Kong market, ensuring stable dividend payouts, and making steady progress in transitioning toward a daily convenience store model.

The Group recorded a revenue of HK\$2,185,328,000 from Hong Kong for the Year, which turned to a decline against Last Year of HK\$2,330,164,000. This decrease is attributed to macroeconomic uncertainties, shifting consumer behavior, and intensifying e-commerce competition. Nevertheless, Hong Kong remains the key market accounting for 86.1% of the group's total revenue (2023/24: 86.7%).

In response to evolving market dynamics, the Group has implemented a comprehensive business reform strategy to enhance operational efficiency and market competitiveness. In response to shifting consumer preferences toward a "light consumption" shopping model, the Group has swiftly implemented a series of strategic initiatives centered on the core strategy of "light consumption, speed retailing." To align with this new direction, we have restructured our merchandise procurement strategy and introduced a "new low price" sales program, accelerating the time for a product being available on shelf, improving stock turnover rate, enhancing supply chain efficiency, and ensuring more precise and timely fulfillment of customer demand.

The Group has optimized product assortments and store layouts to elevate the shopping experience. Eye-catching promotions and staff recommended "must buy" selections highlight our affordable pricing, enabling customers to fulfill their daily needs. This fosters a stress free shopping environment that encourages happy spending. In addition, new low price, fast moving products and limited time discounts further stimulate interest and competitiveness.

This Year, we have made preliminary progress in managing employee-related expenses. Additionally, constructive negotiations with landlords have yielded positive outcomes, with the full benefits anticipated to materialize over the next one to two years. Moving forward, we will enforce stringent control measures, conducting rigorous reviews of all expenditures to maximize resource utilization and operational productivity.

Looking ahead, we are optimistic about the growth potential driven by the development of Hong Kong's northern metropolis, which is expected to stimulate new consumer demand. Supportive population inflow policies will further expand our customer base, while Hong Kong's role as an "events capital" will strengthen connectivity within the Greater Bay Area, fostering greater engagement and elevating the overall retail landscape. The Group is confident that by staying attuned to market trends and adapting swiftly, challenges can be turned into opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

On the other hand, the operations in Macau remained profitable and delivered satisfactory results for the Year, generating revenue of HK\$50,222,000 (2023/24: HK\$44,976,000). Although encountering challenges similar to those in the Hong Kong market, the Macau business exhibited strong resilience and operational efficiency, sustaining profitability while achieving revenue growth compared to the Last Year. This represents effective operational management and underscores the business's positive outlook for long-term sustainability in this market.

Operations Review – Singapore

The Group's revenue in the Singapore market for the Year was HK\$301,272,000 (2023/24: HK\$311,896,000). While this represents a slight decline compared to the Last Year. In response to shifts in the local market environment and heightened operating cost pressures, the Group has implemented strategic measures to enhance revenue growth, enforce stringent cost control measures, and improve operational efficiency.

To strengthen our market position, the Group is actively refining its product mix to prioritize high-demand offerings while phasing out underperforming products. This adjustment is expected to drive sales performance. Additionally, the launch of a new Warehouse Management System “WMS” will enhance logistics efficiency, reduce delivery lead times, and optimize inventory management, ensuring better product availability and customer satisfaction. Additionally, close monitoring of market demand will ensure that product mix adjustments align with consumer preferences, minimizing excess inventory or stockouts.

Moreover, the Group has intensified its focus on cost control. All expenditures are undergoing rigorous review to identify savings opportunities, including renegotiating supplier contracts and eliminating non-essential spending. Operational processes are being streamlined to reduce complexity and lower overhead costs. Furthermore, 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 to our customers.

A robust store performance evaluation framework has been implemented to systematically assess the productivity and profitability of each retail location. Underperforming stores undergo detailed performance reviews, followed by swift corrective actions including operational adjustments, staff retraining, or strategic repositioning where required. Regular performance benchmarking ensures all locations maintain strict adherence to operational and financial KPIs. At the individual level, we have enhanced our employee performance with clear productivity metrics aligned to business objectives. Targeted programs and role optimizations are being deployed to elevate workforce capabilities, ensuring our human capital remains a key competitive advantage.

The Group maintains a cautiously optimistic outlook on its growth, supported by a more optimized product mix and strict cost controls. By swiftly adjusting its business strategies and refining execution, the Group is well-positioned to navigate Singapore's dynamic retail landscape.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

ANNUAL REVIEW AND PROSPECT

Steadfast Operations with Swift Adaptation

Hong Kong's retail sector continues to face challenges surpassing even those experienced during the pandemic, due to macroeconomic uncertainties, shifting consumer behavior, and intensifying e-commerce competition. Upholding our core strategy of "financial prudence and swift adaptation," the Group continues to maintain enduring profitability, stable dividend payouts, and steady progress in transitioning toward a daily convenience store model. Built on over three decades of resilience, this sustained performance further solidifies the market position of the "JHC" brand in Hong Kong, reinforcing our legacy of stability and adaptability in a dynamic retail landscape.

Restructuring Product Mix for Value for Money Offerings

To compete in this dynamic landscape, the Group is continuously adjusting its business strategies. Aligning with consumers' growing preference for "light spending" shopping habits, the Group is actively driving transformation under the strategic focus of "light consumption, speed retailing" by introducing "New Low Prices" to make daily necessities more affordable. Simultaneously, we are speeding up the process of putting such products on shelves by optimizing supply chain efficiency to ensure a seamless and enjoyable shopping experience for every customer.

To support this shift, the Group has restructured its procurement strategy and optimized its product mix to prioritize value for money offerings. By streamlining supply chains and simplifying product designs to reduce costs, we are expanding our range of entry priced products, delivering more affordable, value driven options to customers. Promotional campaigns for select existing inventory will further accelerate this shift, enabling rapid expansion of our new entry priced product lineup.

We remain focused on refining pricing strategies, sourcing affordable, attractive, and quality products to sustain competitiveness. Stringent procurement cost controls ensure reasonable profit margins, enabling the implementation of our low price strategy while delivering greater value to customers.

Enhancing In Store Shopping Experience and Reassessing our Store Network

The Group has optimized product assortments and store layouts to elevate the shopping experience. Eye-catching promotions and staff-recommended "must-buy" selections emphasize our affordable pricing, enabling customers to fulfill their daily needs. This fosters a stress free shopping environment that encourages happy spending. In addition, new low price, fast moving products and limited time discounts further stimulate interest and competitiveness.

To adapt to market conditions, we are reassessing our store network, negotiating rent reductions, and closing underperforming locations. Store performance management is being intensified, with human resources reallocated to maximize productivity. Frontline staff are pivotal in delivering warm and personalized service, while product assortments are tailored to local demographics, expanding souvenirs in tourist areas and household essentials in residential neighborhoods. Targeted clearance promotions reduce excess inventory, and J-Fun gold membership program enhances loyalty through exclusive discounts.

Enhancing Operational Efficiency with Cost Control

In today's highly competitive retail landscape, improving operational efficiency and cost management is critical to sustaining profitability. Faced with high expenses, the Group continues to streamline processes and rigorously review all expenditures to maximize resource utilization and preserve competitive advantage.

During the Year, we have made progress in managing staff costs through strengthened store performance oversight and strategic workforce allocation, enabling efficient operations within a controlled cost framework. Rent expenses have also been addressed through proactive lease negotiations, with positive outcomes expected to reflect in financial performance over the next one to two years. These efforts are crucial to maintaining long-term financial health and stability.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Supply chain and inventory management improvements are also underway. By reviewing planning, procurement, logistics, and distribution, we aim to shorten lead times, align stock with demand, and prevent over aging inventory. Flexible clearance strategies, such as redistributing unsold goods to high demand stores to improve the stock turnover.

Omnichannel Strategy and E-Commerce Integration

The Group leverages an integrated online-to-offline “O2O” model to provide a daily convenient shopping experience. Partnerships with third party e-commerce platforms have driven instant sales and strengthened our digital presence. We will continue to refine product assortments across various online channels to meet diverse customer needs.

Outlook and Opportunities

Looking ahead, the market remains uncertain. To navigate this challenging environment, we must further enhance operational efficiency and rigorously control costs. With high operating expenses in Hong Kong’s retail sector, transformation is essential for survival. The Group maintains a healthy cash flow, positioning us well for future initiatives. We aim to build a new “light consumption, speed retailing” daily convenience store model that aligns with market trends.

Hong Kong’s ongoing evolution presents both challenges and opportunities. The development of the northern metropolis is expected to stimulate new consumer demand, while population inflow policies can expand our customer base. Additionally, Hong Kong’s positioning as a “city of events” will foster greater interaction within the Greater Bay Area, stimulating local retail sentiment. The Group is confident that by staying attuned to market trends and adapting swiftly, challenges can be turned into opportunities. We remain optimistic about the potential of Hong Kong’s consumer market and are committed to evolving the “JHC” brand toward new milestones.

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 APRIL 2025**

		Year ended 30 April	
	Note	2025 HK\$'000	2024 HK\$'000
Revenue	3	2,536,822	2,687,036
Cost of sales	4	(1,369,930)	(1,425,687)
		<hr/>	<hr/>
Gross profit		1,166,892	1,261,349
Other income		14,094	20,079
Other losses, net		(2,070)	(5,783)
Distribution and advertising expenses	4	(52,516)	(60,830)
Administrative and other operating expenses	4	(1,052,471)	(1,077,393)
		<hr/>	<hr/>
Operating profit		73,929	137,422
		<hr/>	<hr/>
Finance income		4,920	7,887
Finance expenses		(23,456)	(25,540)
		<hr/>	<hr/>
Finance expenses, net		(18,536)	(17,653)
		<hr/>	<hr/>
Profit before income tax		55,393	119,769
Income tax expense	5	(13,155)	(19,972)
		<hr/>	<hr/>
Profit for the year		42,238	99,797
		<hr/>	<hr/>
Profit/(loss) attributable to:			
- Owners of the Company		47,727	101,070
- Non-controlling interests		(5,489)	(1,273)
		<hr/>	<hr/>
		42,238	99,797
		<hr/>	<hr/>
Earnings per share attributable to the owners of the Company for the year (expressed in HK cents per share)			
- Basic earnings per share	6	HK6.6 cents	HK14.0 cents
		<hr/>	<hr/>
- Diluted earnings per share	6	HK6.6 cents	HK14.0 cents
		<hr/>	<hr/>

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 2025**

	Year ended 30 April	
	2025	2024
	HK\$'000	HK\$'000
Profit for the year	42,238	99,797
Other comprehensive income / (loss)		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	124	(2,399)
<i>Item that will not be reclassified to profit or loss</i>		
Actuarial (loss)/gain on long service payment scheme	(439)	5,345
Other comprehensive (loss)/income for the year	(315)	2,946
Total comprehensive income for the year	41,923	102,743
Total comprehensive income/(loss) attributable to:		
- Owners of the Company	47,284	104,166
- Non-controlling interests	(5,361)	(1,423)
	41,923	102,743

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

CONSOLIDATED BALANCE SHEET
AS AT 30 APRIL 2025

		As at 30 April	
	Note	2025 HK\$'000	2024 HK\$'000
Assets			
Non-current assets			
Property, plant and equipment		195,825	210,895
Right-of-use assets		396,210	537,890
Investment properties		31,324	32,191
Intangible assets		30,135	26,960
Deferred income tax assets		4,665	5,564
Financial asset at fair value through profit or loss		7,770	8,139
Prepayments and deposits	8	53,695	61,624
		<u>719,624</u>	<u>883,263</u>
		-----	-----
Current assets			
Inventories		374,675	402,599
Current income tax receivables		2,912	-
Trade and other receivables, prepayments and deposits	8	115,459	117,819
Cash and cash equivalents		284,560	338,501
		<u>777,606</u>	<u>858,919</u>
		-----	-----
Total assets		<u>1,497,230</u>	<u>1,742,182</u>
		=====	=====
Equity			
Capital and reserves attributable to the owners of the Company			
Share capital and share premium		587,590	589,517
Reserves		277,861	299,839
		<u>865,451</u>	<u>889,356</u>
		(1,009)	4,352
Non-controlling interests		<u>864,442</u>	<u>893,708</u>
		-----	-----
Total equity		<u>864,442</u>	<u>893,708</u>
		-----	-----

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 APRIL 2025

		As at 30 April	
	Note	2025 HK\$'000	2024 HK\$'000
Liabilities			
Non-current liabilities			
Deferred income tax liabilities		501	498
Provision for reinstatement cost	9	4,757	4,444
Borrowings		6,250	7,304
Lease liabilities		169,285	266,038
		<u>180,793</u>	<u>278,284</u>
		-----	-----
Current liabilities			
Trade and other payables	9	186,065	244,867
Contract liabilities	9	5,620	8,443
Loans due to a non-controlling shareholder of a subsidiary		7,449	7,257
Borrowings		8,864	15,516
Lease liabilities		240,945	285,575
Current income tax liabilities		3,052	8,532
		<u>451,995</u>	<u>570,190</u>
		-----	-----
Total liabilities		<u>632,788</u>	<u>848,474</u>
		-----	-----
Total equity and liabilities		<u>1,497,230</u>	<u>1,742,182</u>
		=====	=====

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

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 25 July 2025.

2 Basis of preparation and changes in accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards as 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 Accounting Standards 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 HKFRS Accounting Standards 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

2.1 Basis of preparation (Continued)

(i) Amended standards adopted by the Group

The Group has applied the following amended standards for the first time for their annual reporting period commencing 1 May 2024:

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

The amended standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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 issued are not yet effective for accounting period 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 January 2025
HKFRS 9 and HKFRS 7 (Amendments)	Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 (Amendments)	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18 (New Standard)	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 (New Standard)	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Hong Kong Interpretation 5 (Amendments)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

2.1 Basis of preparation (Continued)

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

Impact on application of HKFRS 18 - Presentation and Disclosure in Financial Statements

HKFRS 18 will replace HKAS 1 “Presentation of Financial Statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the consolidated income statement and providing management-defined performance measures within the consolidated financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group’s consolidated financial statements. The Group expects to apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18.

In addition to the abovementioned changes in presentation and disclosures, the Group is in the process of assessing the impact of adopting other new and amended standards and revised interpretation on its current or future reporting periods and on foreseeable future transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Segment information

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

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

(i) Retail - Hong Kong and Macau*

Retail - Singapore*

(ii) Wholesales, licencing and others

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

* Including consignment sales commission income.

The segment information provided to the executive directors for the reportable segments for the year ended 30 April 2025 is as follows:

	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)	2,217,422	301,272	18,128	2,536,822
Cost of sales	(1,189,732)	(169,283)	(10,915)	(1,369,930)
Segment results	1,027,690	131,989	7,213	1,166,892
Gross profit%**	46.35%	43.81%	39.79%	46.00%
Other income				14,094
Other losses, net				(2,070)
Distribution and advertising expenses				(52,516)
Administrative and other operating expenses				(1,052,471)
Operating profit				73,929
Finance income				4,920
Finance expenses				(23,456)
Profit before income tax				55,393
Income tax expense				(13,155)
Profit for the year				42,238

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Segment information (Continued)

The segment information provided to the executive directors for the reportable segments for the year ended 30 April 2024 is as follows:

	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)	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

** 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 2025 and 2024. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Revenues include sales of goods of HK\$2,529,699,000 (2024: HK\$2,680,668,000), revenue arising from customer loyalty programme of HK\$6,264,000 (2024: HK\$5,571,000) and consignment sales commission of HK\$859,000 (2024: HK\$797,000).

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 2025 and 2024.

All of the Group's revenues are recognised at a point in time for the years ended 30 April 2025 and 2024.

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 2025 and 2024, all brought-forward contract liabilities at the beginning of the financial year were fully recognised as revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Segment information (Continued)

The following tables present segment assets and liabilities as at 30 April 2025 and 30 April 2024 respectively.

	As at 30 April 2025			Total HK\$'000
	Retail Hong Kong and Macau HK\$'000	Singapore HK\$'000	Wholesales, licencing and others HK\$'000	
Segment assets	988,525	171,052	6,422	1,165,999
Segment liabilities	505,937	109,529	6,320	621,786

	As at 30 April 2024			Total HK\$'000
	Retail Hong Kong and Macau HK\$'000	Singapore HK\$'000	Wholesales, licencing and others 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 cost, lease liabilities, borrowings, trade and other payables and contract liabilities.

The following tables present segment assets and liabilities as at 30 April 2025 and 30 April 2024 respectively.

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

	As at 30 April	
	2025 HK\$'000	2024 HK\$'000
Segment assets	1,165,999	1,357,787
Investment properties	31,324	32,191
Financial asset at fair value through profit or loss	7,770	8,139
Deferred income tax assets	4,665	5,564
Current income tax receivables	2,912	-
Cash and cash equivalents	284,560	338,501
Total assets	1,497,230	1,742,182

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Segment information (Continued)

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

	As at 30 April	
	2025	2024
	HK\$'000	HK\$'000
Segment liabilities	621,786	832,187
Deferred income tax liabilities	501	498
Loans due to a non-controlling shareholder of a subsidiary	7,449	7,257
Current income tax liabilities	3,052	8,532
Total liabilities	<u>632,788</u>	<u>848,474</u>

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

	Year ended 30 April	
	2025	2024
	HK\$'000	HK\$'000
Hong Kong	2,185,328	2,330,164
Singapore	301,272	311,896
Macau	50,222	44,976
	<u>2,536,822</u>	<u>2,687,036</u>

Non-current assets, other than intangible assets and deferred income tax assets, of the Group as at 30 April 2025 and 2024 are located as follows:

	Year ended 30 April	
	2025	2024
	HK\$'000	HK\$'000
Hong Kong	499,342	639,502
Mainland China	38,504	39,898
Singapore	94,009	118,609
Macau	52,969	52,730
	<u>684,824</u>	<u>850,739</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Expenses by nature

	Year ended 30 April	
	2025	2024
	HK\$'000	HK\$'000
Auditors' remuneration		
- Audit services	2,086	2,233
- Non-audit services	290	349
Air conditioning expenses	11,018	10,422
Advertising and promotion expenses	8,655	10,824
Amortisation of intangible assets	6,272	4,510
Building management fees	55,754	53,630
Cost of inventories sold (including: inventory loss in retail stores)	1,369,242	1,424,651
Provision for slow moving and near-expiry inventories	688	1,036
Delivery charges	36,790	41,220
Landing charges	6,588	8,359
Depreciation of owned property, plant and equipment	33,972	35,130
Depreciation of right-of-use assets	315,199	344,960
Employee benefit expenses (including directors' emoluments)	406,146	436,746
Government rates	16,912	15,747
Legal and professional fee	2,341	3,599
Short-term lease expense	104,628	69,645
Repair and maintenance	10,900	13,015
Utility expenses	27,639	30,033
Net exchange losses	1,097	698
Others	58,700	57,103
	<hr/>	<hr/>
Total cost of sales, distribution and advertising expenses, and administrative and other operating expenses	2,474,917	2,563,910
	<hr/>	<hr/>
<u>Represented by:</u>		
Cost of sales	1,369,930	1,425,687
Distribution and advertising expenses	52,516	60,830
Administrative and other operating expenses	1,052,471	1,077,393
	<hr/>	<hr/>
	2,474,917	2,563,910
	<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profit for the year ended 30 April 2025. 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	
	2025	2024
	HK\$'000	HK\$'000
Current income tax:		
Hong Kong profits tax		
- Current	11,629	19,511
- Under-provision in prior years	385	14
Overseas taxation		
- Current	339	313
- Over-provision in prior years	(100)	-
	<u>12,253</u>	<u>19,838</u>
Deferred income tax:		
- Decrease in deferred income tax assets, net	902	134
	<u>13,155</u>	<u>19,972</u>
Income tax expense	<u>13,155</u>	<u>19,972</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	
	2025	2024
Profit attributable to owners of the Company (HK\$'000)	47,727	101,070
Weighted average number of ordinary shares in issue (in thousands) (Note)	719,544	719,511
Basic earnings per share attributable to owners of the Company (HK cents per share)	6.6	14.0

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Earnings per share (Continued)

(b) Diluted (Continued)

	Year ended 30 April	
	2025	2024
Profit attributable to owners of the Company (HK\$'000)	47,727	101,070
Weighted average number of ordinary shares in issue (in thousands)	719,544	719,511
Adjustment for:		
- Share options and share awards (in thousands)	1,263	1,614
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	720,807	721,125
Diluted earnings per share attributable to owners of the Company (HK cents per share)	6.6	14.0

7 Dividend

The dividends paid during the years ended 30 April 2025 and 2024 were HK\$69,118,000 (HK9.6 cents per share) and HK\$112,228,000 (HK15.6 cents per share) respectively. In respect of the year ended 30 April 2025, the final dividend of HK 1.5 cents per share amounting to a total dividend of HK\$10,758,000 is to be proposed at the annual general meeting on 25 September 2025. These consolidated financial statements do not reflect this dividend payable.

	Year ended 30 April	
	2025	2024
	HK\$'000	HK\$'000
Interim dividend paid of HK4.0 cents (2024: Interim dividend paid of HK5.6 cents) per ordinary share	28,812	40,305
Proposed final dividend of HK1.5 cents (2024: Final dividend of HK5.6 cents) per ordinary share	10,758	40,305
	39,570	80,610

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 Trade and other receivables, prepayments and deposits

	As at 30 April	
	2025	2024
	HK\$'000	HK\$'000
Trade receivables, net	8,376	8,264
Prepayments	12,905	21,673
Deposits and other receivables	147,873	149,506
	<u>169,154</u>	<u>179,443</u>
	-----	-----
Less non-current portion:		
Deposits	(52,869)	(61,624)
Prepayments	(826)	-
	<u>(53,695)</u>	<u>(61,624)</u>
	-----	-----
Current portion	<u>115,459</u>	<u>117,819</u>
	=====	=====

The Group normally makes sales to customers on a cash-on-delivery basis.

As at 30 April 2024 and 2025, the ageing analysis of trade receivables based on invoice dates is as follows:

	As at 30 April	
	2025	2024
	HK\$'000	HK\$'000
Up to 3 months	8,364	8,255
4 to 6 months	12	9
	<u>8,376</u>	<u>8,264</u>
Less: provision for impairment of trade receivables	-	-
	<u>8,376</u>	<u>8,264</u>
	=====	=====

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	As at 30 April	
	2025	2024
	HK\$'000	HK\$'000
Current		
Trade payables	135,345	192,185
Other payables and accruals	42,729	45,478
Deposit received	45	41
Provision for employee benefits	7,946	7,163
	<u>186,065</u>	<u>244,867</u>
	-----	-----
Non-current		
Provision for reinstatement cost	4,757	4,444
	<u>4,757</u>	<u>4,444</u>
	-----	-----
	<u>190,822</u>	<u>249,311</u>
	=====	=====
Contract liabilities		
Receipts in advance and cash coupons	3,979	5,555
Deferred revenue arising from customer loyalty programs	1,641	2,888
	<u>5,620</u>	<u>8,443</u>
	=====	=====

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

	As at 30 April	
	2025	2024
	HK\$'000	HK\$'000
0 - 30 days	74,984	135,198
31 - 60 days	36,501	33,753
61 - 90 days	22,506	22,745
91 - 120 days	1,354	489
	<u>135,345</u>	<u>192,185</u>
	=====	=====

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 HK4.0 cents (2023/24: an interim dividend of HK5.6 cents) per share, representing a total payout of approximately HK\$28,812,000 was paid by the Company on 5 February 2025. The Board has resolved to recommend payment of a final dividend of HK1.5 cents per share to shareholders whose names appear on the register of members of the Company on Wednesday, 8 October 2025 which will be paid on or around Friday, 24 October 2025, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on Thursday, 25 September 2025. Taking into account of the interim dividend payment, the total dividend for the Year would amount to HK5.5 cents (2023/24: HK11.2 cents) per ordinary share, totaling approximately HK\$39,570,000 for the Year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company for the forthcoming annual general meeting (the “AGM”) of the Company to be held on Thursday, 25 September 2025 will be closed from Monday, 22 September 2025 to Thursday, 25 September 2025, both days inclusive, during which period no transfer of shares of the Company will be effected. The record date for determining the entitlement of the shareholders of the Company to attend and vote at the AGM will be Thursday, 25 September 2025. In order to determine the identity of members who are entitled to attend and vote at the AGM, 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 Friday, 19 September 2025.

Subject to the approval of the shareholders at the AGM, 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 Wednesday, 8 October 2025 and the register of members of the Company will be closed from Friday, 3 October 2025 to Wednesday, 8 October 2025, (both days inclusive), during which no transfer of shares of the Company will be registered. The record date for determining the entitlement of the Shareholders of the Company to the proposed final dividend will be Wednesday, 8 October 2025. In order to qualify for the proposed final dividend, all share transfer documents, accompanied by relevant share certificates lodged with 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, 2 October 2025.

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

During the Year, the Company repurchased a total of 2,820,000 ordinary shares of the Company on the Stock Exchange at an aggregate consideration of approximately HK\$2,904,000. All the repurchased shares were subsequently cancelled by the date of this report. The repurchases were made for the benefit of the Company and its shareholders as a whole with a view to enhancing the earnings per share of the Company.

Besides, 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 300,000 shares of the Company at a total consideration of about HK\$282,000. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s securities during the Year.

OTHER INFORMATION (Continued)

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions as set out in the Corporate Governance Code (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 of the Company. The Board is of the view that the Company has met the code provisions set out in the CG Code, except that there is no separation of the roles of Chairman and Chief Executive Officer as stipulated in the code provision C.2.1 of the CG Code. Currently, Ms. Ngai Lai Ha is both the Chairman and the 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 C3 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 2025.

REVIEW OF FINANCIAL STATEMENTS AND SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The Audit Committee has reviewed the consolidated financial statements for the year ended 30 April 2025. 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 2025 as set out in the preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

OTHER INFORMATION (Continued)

PUBLICATION

The annual results announcement of the Company for the year ended 30 April 2025 published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ihr.com.hk) respectively. The 2025 annual report will be dispatched to the shareholders of the Company (if requested) 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 extend our deepest appreciation to our valued shareholders, trusted partners, and dedicated employees. Your steadfast support and unwavering commitment have been instrumental in navigating the challenges of the current market environment. With continued determination and collective effort, we remain resolute in driving transformative reforms and achieving sustainable growth.

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

Hong Kong, 25 July 2025

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.