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歐化國際有限公司

Ulferts International Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1711)

## SUPPLEMENTAL ANNOUNCEMENT TO ANNUAL REPORTS AND INTERIM REPORT AND REALLOCATION OF UNUTILISED PROCEEDS

References are made to (i) the prospectus of Ulferts International Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 16 January 2018 (the “**Prospectus**”) in relation to the listing of the Company’s shares on The Stock Exchange of Hong Kong Limited whereby the net proceeds from the share offer received by the Company was approximately HK\$92.6 million (after deducting the listing expenses) (the “**Net Proceeds**”); (ii) annual report of the Company for the year ended 31 March 2020 (the “**2020 Annual Report**”); (iii) interim report of the Company for the six months ended 30 September 2020 (the “**2021 Interim Report**”); and (iv) annual report of the Company for the year ended 31 March 2021 (the “**2021 Annual Report**”). Unless otherwise defined, terms used herein shall bear the same meanings as those defined in the 2021 Annual Report.

Pursuant to paragraph 11(8) of Appendix 16 to the Listing Rules, the Board would like to provide further information, including the intended use and expected timeline of unutilised portion of the Net Proceeds (“**Unutilised Proceeds**”) in addition to the information disclosed in the 2020 Annual Report, 2021 Interim Report and 2021 Annual Report.

### USE OF PROCEEDS

#### Prospectus – intended use of Net Proceeds

	As disclosed in the section headed “Future Plans and Use of Proceeds” of the Prospectus		Amount of Net Proceeds allocated
	Intended usage	%	(HK\$ million)
(A)	Capital expenditure, rental deposits and overhead expenses for opening of “ <i>at • home</i> ” retail stores	36.9%	34.2
(B)	Strengthening the Group’s product portfolio	26.2%	24.2
(C)	Enhancing “ <i>Ulfenbo</i> ” sales channels and brand awareness	11.1%	10.3
(D)	Capital expenditure and rental deposits for opening of “ <i>Ulferts</i> ” retail store	9.8%	9.1
(E)	Upgrading information technology system	6.2%	5.7
(F)	General working capital	9.8%	9.1
	<b>Total</b>	<b>100%</b>	<b>92.6</b>

## 2020 Annual Report – Use of Net Proceeds

Use of Net Proceeds as disclosed in 2020 Annual Report		Up to 31 March 2020		
		Planned	Actual	Unutilised Proceeds
		<i>HK\$ million (approximately) (% of the Net Proceeds)</i>		
(A)	Capital expenditure, rental deposits and overhead expenses for opening of “ <i>at • home</i> ” retail stores	34.2 (36.9%)	34.2 (36.9%)	-
(B)	Strengthening the Group’s product portfolio	24.2 (26.2%)	24.2 (26.2%)	-
(C)	Enhancing “ <i>Ulfenbo</i> ” sales channels and brand awareness	10.3 (11.1%)	10.3 (11.1%)	-
(D)	Capital expenditure and rental deposits for opening of “ <i>Ulferts</i> ” retail store	9.1 (9.8%)	8.5 (9.2%)	0.6 (0.6%)
(E)	Upgrading information technology system	5.7 (6.2%)	0.3 (0.3%)	5.4 (5.9%)
(F)	General working capital	9.1 (9.8%)	9.1 (9.8%)	-
	<b>Total</b>	<b>92.6</b> <b>(100%)</b>	<b>86.6</b> <b>(93.5%)</b>	<b>6.0</b> <b>(6.5%)</b>

The local social issues and the outbreak of COVID-19 had disrupted the operations across business segments, and slowed down the Company’s plan for leasehold improvements and system upgrade. The Company had intended to deploy the Unutilized Proceeds reserved for “Capital expenditure and rental deposits for opening of ‘*Ulferts*’ retail store” and “Upgrading information technology system” of approximately HK\$0.6 million and HK\$5.4 million respectively when the market condition improved.

## 2021 Interim Report – Use of Net Proceeds

Use of Net Proceeds as disclosed in 2021 Interim Report		Up to 30 September 2020		
		Planned	Actual	Unutilised Proceeds
		<i>HK\$ million (approximately) (% of the Net Proceeds)</i>		
(A)	Capital expenditure, rental deposits and overhead expenses for opening of “ <i>at • home</i> ” retail stores	34.2 (36.9%)	34.2 (36.9%)	-
(B)	Strengthening the Group’s product portfolio	24.2 (26.2%)	24.2 (26.2%)	-
(C)	Enhancing “ <i>Ulfenbo</i> ” sales channels and brand awareness	10.3 (11.1%)	10.3 (11.1%)	-
(D)	Capital expenditure and rental deposits for opening of “ <i>Ulferts</i> ” retail store	9.1 (9.8%)	8.5 (9.2%)	0.6 (0.6%)
(E)	Upgrading information technology system	5.7 (6.2%)	0.3 (0.3%)	5.4 (5.9%)
(F)	General working capital	9.1 (9.8%)	9.1 (9.8%)	-
	<b>Total</b>	<b>92.6</b> <b>(100%)</b>	<b>86.6</b> <b>(93.5%)</b>	<b>6.0</b> <b>(6.5%)</b>

The COVID-19 continued to overshadow the economic outlook, and shrouded the market in uncertainties during the six months ended 30 September 2020. The Group had adopted a cautious approach and none of the Unutilised Proceeds was utilised during such period.

### 2021 Annual Report - Use of Net Proceeds and reallocation of Unutilised Proceeds

Use of Net Proceeds as disclosed in 2021 Annual Report		Up to 31 March 2021			Reallocation of Unutilised Proceeds during the year ended 31 March 2021
		Planned	Actual	Unutilised Proceeds	
		<i>HK\$ million (approximately) (% of the Net Proceeds)</i>			
(A)	Capital expenditure, rental deposits and overhead expenses for opening of “ <i>at • home</i> ” retail stores	34.2 (36.9%)	34.2 (36.9%)	-	5.1 (5.5%)
(B)	Strengthening the Group’s product portfolio	24.2 (26.2%)	24.2 (26.2%)	-	-
(C)	Enhancing “ <i>Ulfenbo</i> ” sales channels and brand awareness	10.3 (11.1%)	10.3 (11.1%)	-	-
(D)	Capital expenditure and rental deposits for opening of “ <i>Ulferts</i> ” retail store	9.1 (9.8%)	9.1 (9.8%)	-	-
(E)	Upgrading information technology system	5.7 (6.2%)	0.6 (0.6%)	5.1 (5.5%)	-
(F)	General working capital	9.1 (9.8%)	9.1 (9.8%)	-	-
	<b>Total</b>	<b>92.6</b> <b>(100%)</b>	<b>87.5</b> <b>(94.5%)</b>	<b>5.1</b> <b>(5.5%)</b>	<b>5.1</b> <b>(5.5%)</b>

During the financial year ended 31 March 2021, the Unutilised Proceeds of approximately HK\$0.6 million under “Capital expenditure and rental deposits for opening of ‘*Ulferts*’ retail store” was fully utilised as planned.

Due to the recent market condition, the Company prioritises the opening of new stores to generate more revenue over the information technology system upgrade. In light of the opportunity brought by the growing momentum in retail market and the prolonged schedule for information technology system upgrade, the Directors have reallocated the amount of approximately HK\$5.1 million of the Unutilised Proceeds from “Upgrading information technology system” to “Capital expenditure, rental deposits and overhead expenses for opening of ‘*at • home*’ retail stores”. Such amount is expected to be fully utilised by 30 September 2021 for the opening of new “*at • home*” retail stores in Causeway Bay and Tseung Kwan O. Save for the aforesaid change, there is no other change in use of the Unutilised Proceeds.

## **REASONS FOR AND BENEFITS OF THE REALLOCATION OF UNUTILISED PROCEEDS**

With the containment of pandemic in Hong Kong remaining broadly stable since 2021 and the government pushing ahead the vaccination program, the store traffic has improved and the local consumption market has regained momentum. The Board is optimistic about the outlook of the local economy and the recovery of the retail market. As the travel restrictions and social distancing measures remain in force, people are spending more time at home, resulting in the increase in the demand for furniture products. The Group takes this opportunity to open more retail stores to capture such market opportunities.

The Board confirms that there is no material change in the business nature of the Group as set out in the Prospectus. The Board considered that the reallocation of the Unutilised Proceeds will not have any material adverse impact on the operations of the Group, but will enable the Group to deploy its financial resources more effectively, and is therefore in the interest of the Group and the shareholders of the Company as a whole.

By order of the Board  
**Ulferts International Limited**  
**Wong Chi Fai**  
*Chairman*

Hong Kong, 28 July 2021

As at the date hereof, the Board comprises:

*Executive Directors:*

Mr. Wong Chi Fai  
Ms. Mok Fung Lin, Ivy  
Ms. Fan Man Seung, Vanessa

*Independent Non-executive Directors:*

Mr. Chan Yee Man  
Mr. Chiu Kin Fai  
Mr. Ng Hoi Yue