

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## 歐化國際有限公司 Ulferts International Limited

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 1711)**

### **2022/2023 ANNUAL RESULTS ANNOUNCEMENT**

The board of directors (“Board” or “Directors”) of Ulferts International Limited (“Company”) announces the consolidated results of the Company and its subsidiaries (collectively referred to as “Group”) for the year ended 31 March 2023 (“Year”).

#### **RESULTS**

Due to a tough business operating environment, the Group’s total revenue inevitably decreased to HK\$216.1 million (2022: HK\$225.5 million) during the Year. Gross profit was HK\$133.2 million (2022: HK\$142.6 million).

Revenue from the retail segment amounted to HK\$195.0 million (2022: HK\$212.2 million), accounting for 90.2% (2022: 94.1%) of the Group’s total revenue. Aggregate retail sales revenue of “*Ulferts*” and “*Ulferts Signature*” amounted to HK\$110.0 million (2022: HK\$136.4 million), and remained the key revenue contributor, accounting for 56.4% (2022: 64.3%) of total retail revenue. Aggregate retail sales revenue of “*Slumberland*” and “*Ulfenbo*” increased to HK\$48.2 million (2022: HK\$31.6 million), accounting for 24.7% (2022: 14.9%) of total retail revenue. The retail sales revenue of “*at • home*” was HK\$36.8 million (2022: HK\$44.2 million), accounting for 18.9% (2022: 20.8%) of total retail revenue.

With a decline in the Group’s total revenue and the recognition of a significant amount of impairment allowance relating to the right-of-use assets and property, plant and equipment after the impairment assessment, the Group recorded a net loss of HK\$21.0 million (2022: net profit of HK\$4.1 million) during the Year. Basic loss per share was HK2.63 cents (2022: basic earnings of HK0.52 cent per share).

## MANAGEMENT DISCUSSION AND ANALYSIS

### MARKET REVIEW

With a number of macroeconomic issues such as on-going interest rate hikes, tightened monetary policies and geopolitical tensions, the local property market generally remained weak in 2022, and the value index of retail sales of furniture declined during 2022, according to the Hong Kong monthly retail sales figures published by the Census and Statistics Department of Hong Kong. Although the border was fully reopened in the last quarter of the Year and prompted property developers to accelerate the launch of new properties, it would take time for the catalyst to drive the furniture market; the furniture market remained gloomy over the Year.

### BUSINESS REVIEW

The Group is a leading retailer of high quality home furniture mainly imported from Europe. The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since January 2018.

The Group has been established for over 45 years, and takes pride in providing superior quality stylish furniture in Hong Kong. As at 31 March 2023, the Group operated 26 points-of-sale (“POS”) in Hong Kong under the trade names of “*Ulferts Signature*”, “*Ulferts*” and “*at • home*”, which specialise in furniture products, as well as “*Ulfenbo*” and “*Slumberland*”, which specialise in mattresses and bedding products.

“*Ulferts*” and “*Ulferts Signature*” are dedicated to elevating customers’ home living standard with style and quality, and offer a wide variety of contemporary style furniture products targeting middle to high-end groups. “*at • home*” offers quality compact furniture and home accessories to suit small living spaces of modern families.

Targeting the mass market, “*Ulfenbo*” offers mattresses, pillows, sofas and other ancillary items, which are distributed through “*Ulfenbo*” specialty stores, department store counters, pop-up stores and roadshows, as well as wholesaling to over 200 dealers. Additionally, there are several online shopping platforms which maximise market coverage.

The Group is the sole agent of “*Slumberland*” and “*Vono*” in Hong Kong and Macau. “*Slumberland*” is a well-known British mattress brand offering premium mattresses for households and hotels, targeting high-end market while “*Vono*”, another British mattress brand, targets the mass market. In addition to mattresses, both brands also offer pillows and bedding products which are distributed through wholesaling to over 100 dealers.

## Retail Business

- *Effective Market Segmentation*

With a clear understanding of market segmentation, the Group defines and identifies target consumer profiles in order to develop product and marketing strategies to reach out to their specific preferences.

“*Ulferts*”, the Group’s core retail label, is dedicated to providing high quality, stylish and luxury furniture. It offers a wide variety of contemporary style furniture products, enabling its customers to create their ideal homes. The Group operates “*Ulferts*” showrooms across Hong Kong, targeting middle to high-mid income groups. “*Ulferts Signature*” offers high-end branded furniture products and also luxury European tailor-made furniture. It targets up-market customers seeking a superior lifestyle. Another retail line, “*at • home*”, offers quality, stylish and compact furniture. It targets the mid-range segment and is geared towards the needs of young couples and new families.

With over 100 years’ history, the British brand “*Slumberland*” targets up-market customers and is committed to providing premium mattresses that enable customers to enjoy better and healthier sleep, while “*Vono*”, another British mattress brand owned by the same supplier targets the mass market. The products of “*Slumberland*” and “*Vono*” are distributed through the stores of “*Ulferts*”, “*at • home*” and “*Ulfenbo*” as well as department store counters of “*Slumberland*”. “*Ulfenbo*” products focus on mass market consumers who demand quality but affordable mattresses, pillows and other ancillary items to enhance their sleep experience. “*Ulfenbo*” products are distributed through “*Ulfenbo*” stores, which are typically small-scale, and are designed with a casual and relaxing environment, to highlight smart living style. “*Ulfenbo*” products are also distributed at department store counters, pop-up stores and roadshows for enhancing the market reach.

- *Diverse Product Portfolio*

The Group offers a wide variety of furniture products – ranging from leather and fabric sofas, cabinets, dining tables and chairs, through wardrobes, coffee tables and sideboards, to beds, which are imported from European and Asian countries. The Group currently carries more than 50 furniture brands in “*Ulferts Signature*” and “*Ulferts*” showrooms, as well as “*at • home*” stores, including international brands such as himolla, Gamma, MIDJ, Bonaldo, egoitaliano and MALERBA, most of which the Group has built long-standing relationship. “*at • home*” particularly offers various compact furniture products with special features and functions to suit the local small living spaces, as well as chic Scandinavian home accessories.

The Group also specialises in mattress and bedding products, covering high-end and mass markets. “*Slumberland*” mainly offers mattresses with its unique posture springing system which enhances the comfort and support of the body. Besides, the Group offers mattresses, pillows, sofas, sofabeds, beds, as well as other ancillary items under its self-owned label “*Ulfenbo*”. By providing different models of mattresses and pillows in various sizes with varying supports and features, the Group endeavours to meet diverse customer needs.

- ***Comprehensive Retail Sales Channel***

As at 31 March 2023, the Group had 26 POS in Hong Kong, with the number of outlets in each retail line as follows:

	<b>Number of POS</b>
<b>Furniture Products</b>	
“ <i>Ulferts Signature</i> ”	1
“ <i>Ulferts</i> ”	3
“ <i>at • home</i> ”	5
<b>Mattresses and Bedding Products</b>	
“ <i>Slumberland</i> ” store and department store counters	6
“ <i>Ulfenbo</i> ” stores, department store counters and pop-up store	11
	<hr/>
<b>Total</b>	<b>26</b>
	<hr/> <hr/>

“*Ulferts*” showrooms are strategically located in either upscale residential areas or major shopping areas, targeting middle to high-mid income groups. With its solid presence in these mature locations, the Group enjoys substantial foot traffic and a high brand reputation. The Group’s flagship store, “*Ulferts Signature*”, is a 3-storey store with gross floor area of approximately 21,700 square feet, in Hung Hom. It features more luxurious lines of furniture and masterpieces with opulent designs and sophisticated finishing and excellent craftsmanship. Premium brands including Cornelio Cappellini, Malerba and Crystal Stone are available at “*Ulferts Signature*”. “*at • home*” stores are generally located in shopping malls which carries a furniture theme, and there has been growing awareness of the brand among residents and shoppers. Meanwhile, “*Ulfenbo*” stores, department store counters, pop-up stores and roadshows are situated in residential areas, to capitalise on the market potential.

During the Year, a “*Slumberland*” store-within-a-store was opened inside the “*Ulferts*” showroom at Telford Plaza, and a “*Slumberland*” counter was opened in a department store in Sham Shui Po.

- ***Excellent Customers Shopping Experience***

“*Ulferts Signature*” and “*Ulferts*” showrooms are spacious, with a stylish and elegant environment, enabling the Group to display a wide spectrum of products for customers to touch and feel and to maximise customers’ shopping experience. The ambience, setting and placement of furniture within the distinctive display zones have all been tailor-designed by a dedicated visual merchandising team to impart harmonious, home-like comfort. The salespersons are well-trained and offer customers advice catering for their personal needs. In recognition of its service excellence, “*Ulferts*” received the “Quality Service Leader Seasonal Award – Furniture & Home Accessories Category” for the periods April to June 2022 and January to March 2023, and 2022 Quality Service Retailer of the Year – Furniture & Home Accessories Category Award, while “*at • home*” received the “Quality Service Leader Seasonal Award – Furniture & Home Accessories Category” for the period July to September 2022, in the Quality Service Programme organised by the Hong Kong Retail Management Association.

- ***Diversified Marketing Strategies***

The Group believes that brand recognition is crucial for driving long-term growth and success. To enhance brand awareness, the Group conducted a range of marketing and promotional campaigns spanning social media engagements, print advertisements, TV coverage, outdoor billboards and advertising on regular basis as well as pop-up exhibitions at suitable venues. It also launched promotional campaigns such as seasonal sale, annual sale and stock clearance sale, as well as joint promotions with banks and other companies.

## **Wholesale Business**

The Group operates a wholesale business spanning mattresses, sofabeds and sofas under its self-owned label “*Ulfenbo*”, through over 200 dealers in Hong Kong. Based on its long establishment and quality products, the “*Ulfenbo*” brand has been recognised by the “Hong Kong Top Brand Mark” for nine consecutive years since 2014, under the Hong Kong Top Brand Scheme organised by the Chinese Manufacturers Association of Hong Kong and Hong Kong Brand Development Council. In addition, the Group distributes “*Slumberland*” and “*Vono*” mattresses through over 100 dealers in Hong Kong and Macau.

## **Special Projects**

Complementing its retail and wholesale business, the Group has a special projects division, which undertakes furniture-related projects primarily for corporate customers such as cinemas, hotels, showflats, offices, staff quarters and tertiary institutions. The division provides services ranging from planning and designing, through procuring custom-made furniture to final installation for corporate customers, as well as liaison services with furniture manufacturers.

## PROSPECTS

Due to the interest rate hike, the property market remains weak with disappointing number of property transactions. The relaxation of travel restrictions has diverted people's attention from domestic spending to overseas travel. The demand for furniture has declined and competition among players in the industry has intensified. The Group expects the situation to persist for some time before demand to gradually pick up again. Riding on its comprehensive product portfolio with well-defined market segmentation, the Group will strive to strengthen its market position by enriching the product offering and launching more vigorous promotions. The addition of “*Slumberland*” and “*Vono*” to its portfolio has helped to enhance its market presence in both the up-market segment and the mass market. The Group will adhere to its prudent financial and capital management policy, and continue exercising stringent control over operating costs, in order to enhance operating efficiency and improve profitability.

## FINANCIAL INFORMATION

### Capital Structure, Liquidity and Financial Resources

There was no change in the capital structure during the Year. Cash and cash equivalents of the Group was HK\$62.1 million (2022: HK\$76.8 million), which were mainly denominated in Hong Kong dollars. As at 31 March 2023, bank borrowings of the Group was nil (2022: nil), hence its gearing ratio was zero (2022: zero). The Group has available banking facilities of approximately HK\$89.5 million as at 31 March 2023. The cash position and the available banking facilities enable the Group to retain high flexibility and endurance to cater for future development and market uncertainty.

As at 31 March 2023, the Group's current assets and current liabilities were approximately HK\$128.2 million (2022: HK\$153.7 million) and HK\$69.9 million (2022: HK\$94.0 million), respectively. Current ratio and quick ratio of the Group were 1.8 (2022: 1.6) and 1.2 (2022: 1.0), respectively.

In view of the Group's financial position as at 31 March 2023, the Board considered that the Group had sufficient working capital for its operations and future development plans against market challenges.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 March 2023, the Group's number of employees was 133 (2022: 144). Total staff costs including Director's remuneration and the other staff costs for the Year were HK\$45.9 million (2022: HK\$44.9 million). Employees' remuneration was determined in accordance with individual's responsibility, competence and skills, experience and performance as well as market pay level. Staff benefits include medical and life insurance, retirement benefits and other competitive fringe benefits.

To provide incentive or rewards to staff, the Company adopted a share option scheme, particulars of which will be set out in the section headed "Share Options" of the annual report of the Company.

## **FINAL DIVIDEND**

The Board does not recommend any payment of final dividend for the year ended 31 March 2023 (2022: HK0.50 cent per share).

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
<b>REVENUE</b>	4	<b>216,148</b>	225,457
Cost of sales		<u>(82,964)</u>	<u>(82,820)</u>
Gross profit		<b>133,184</b>	142,637
Other income and gains	4	<b>6,749</b>	2,765
Selling and distribution expenses		<b>(119,145)</b>	(115,279)
General and administrative expenses		<b>(23,968)</b>	(22,770)
Other expenses		<b>(15,591)</b>	–
Finance costs		<u>(2,527)</u>	<u>(1,535)</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>	5	<b>(21,298)</b>	5,818
Income tax credit/(expense)	6	<u>281</u>	<u>(1,676)</u>
<b>PROFIT/(LOSS) FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>		<u><b>(21,017)</b></u>	<u>4,142</u>
Attributable to:			
Owners of the parent		<u><b>(21,017)</b></u>	<u>4,142</u>
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	8		
Basic and diluted (expressed in HK cents per share)		<u><b>(2.63)</b></u>	<u>0.52</u>



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2023

		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		3,288	9,746
Right-of-use assets		49,794	71,227
Prepayments, deposits and other receivables		9,788	10,454
Deferred tax assets		5,182	5,311
		<hr/>	<hr/>
Total non-current assets		68,052	96,738
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Inventories		43,639	57,833
Trade receivables	9	3,085	3,525
Prepayments, deposits and other receivables		19,461	14,876
Tax recoverable		–	710
Cash and cash equivalents		62,059	76,804
		<hr/>	<hr/>
Total current assets		128,244	153,748
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	10	5,199	10,402
Other payables and accruals		24,020	38,108
Lease liabilities		36,777	40,334
Provisions		3,741	5,144
Tax payable		206	–
		<hr/>	<hr/>
Total current liabilities		69,943	93,988
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>58,301</b>	<b>59,760</b>
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>126,353</b>	<b>156,498</b>
		<hr/>	<hr/>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 March 2023

	<b>2023</b>	2022
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	<b>30,115</b>	36,070
Provisions	<b>6,521</b>	5,694
	<hr/>	<hr/>
Total non-current liabilities	<b>36,636</b>	41,764
	<hr/>	<hr/>
Net assets	<b>89,717</b>	114,734
	<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	<b>110,337</b>	110,337
Retained profits/(accumulated losses)	<b>(20,620)</b>	4,397
	<hr/>	<hr/>
Total equity	<b>89,717</b>	114,734
	<hr/> <hr/>	<hr/> <hr/>

Notes:

## 1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. The financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (“HK\$’000”) except when otherwise indicated.

The financial information relating to the years ended 31 March 2023 and 2022 included in this preliminary announcement of annual results 2023 does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to the statutory annual consolidated financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

- The Company has delivered the financial statements for the year ended 31 March 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 March 2023 in due course.
- The Company’s auditor has reported on the consolidated financial statements of the Group for both years. The auditor’s reports were unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “Conception Framework”) issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 April 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 April 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 April 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendment that is applicable to the Group are as follows:

- *HKFRS 9 Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 April 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

## 3. OPERATING SEGMENT INFORMATION

The Group principally focuses on the retail and wholesale of imported furniture, and special projects. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

### Geographical information

#### (a) *Revenue from external customers*

Substantially all of the Group's revenues from external customers during the years ended 31 March 2023 and 2022 were attributed to Hong Kong based on the location of the customers or the location of certain key processes/resources from which the Group derived the revenues.

#### (b) *Non-current assets*

All of the Group's non-current assets as at the end of the reporting period were located in Hong Kong based on the location of the assets.

### Information about major customers

No revenues from transactions with a single external customer for the years ended 31 March 2023 and 2022 amounted to 10% or more of the total revenue of the Group.

#### 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers		
Retail of furniture	195,018	212,166
Wholesale of furniture	12,987	8,081
Special projects – project sales	8,143	5,210
	<u>216,148</u>	<u>225,457</u>

##### Revenue from contracts with customers

(i) Disaggregated revenue information

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Types of goods</b>		
Sale of furniture	<u>216,148</u>	<u>225,457</u>
<b>Timing of revenue recognition</b>		
At a point in time	<u>216,148</u>	<u>225,457</u>

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

##### *Sale of goods*

The performance obligation is generally satisfied upon delivery of goods. For retail sale of furniture, payment in advance and/or upon delivery by customers is normally required. For wholesale of furniture, payment is generally due within 30 to 60 days from the date of billing. For project sales, payment is generally due based on terms agreed by relevant parties as set out in the respective agreements.

#### 4. REVENUE, OTHER INCOME AND GAINS (continued)

An analysis of other income and gains is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Other income and gains</b>		
Other service income	1,445	1,465
Government subsidies*	3,283	177
Bank interest income	1,245	275
Gain on disposal of items of property, plant and equipment	15	–
Others	761	848
	<u>6,749</u>	<u>2,765</u>

\* The government subsidies for the current year mainly represented subsidies received under the Employment Support Scheme and the Phasing Out Euro IV Diesel Commercial Vehicles – Ex-gratia Payment Scheme of the Government of Hong Kong Special Administrative Region. The government subsidies for the prior year mainly represented subsidies received under the Phasing Out Euro IV Diesel Commercial Vehicles – Ex-gratia Payment Scheme of the Government of Hong Kong Special Administrative Region. There were no unfulfilled conditions or contingencies relating to the subsidies.

#### 5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Cost of inventories sold	81,419	81,264
Write-down of inventories to net realisable value	1,545	1,556
	<u>82,964</u>	<u>82,820</u>
Depreciation of property, plant and equipment	5,909	7,037
Depreciation of right-of-use assets	42,511	39,733
Lease payments not included in the measurement of lease liabilities	4,665	5,909
Impairment/(reversal of impairment) of trade receivables, net	(6)	166
Impairment of property, plant and equipment	2,255	–
Impairment of right-of-use assets	13,336	–
Gain on disposal of items of property, plant and equipment	(15)	–
	<u>(15)</u>	<u>–</u>

## 6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the year ended 31 March 2023. Hong Kong profits tax had been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year ended 31 March 2022.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	–	1,324
Overprovision in prior years	(410)	(234)
Deferred	<u>129</u>	<u>586</u>
Total tax charge/(credit) for the year	<u><u>(281)</u></u>	<u><u>1,676</u></u>

## 7. DIVIDEND

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Final – Nil (2022: HK0.50 cent) per ordinary share	<u><u>–</u></u>	<u><u>4,000</u></u>

The Board does not recommend any payment of final dividend for the year ended 31 March 2023.

## 8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 800,000,000 (2022: 800,000,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2023 and 2022.



**8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT** (continued)

The calculation of basic and diluted earnings/(loss) per share is based on:

	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
<u>Earnings/(loss)</u>		
Profit/(loss) attributable to ordinary equity holders of the parent used in the basic and diluted earnings/(loss) per share calculation	<u>(21,017)</u>	<u>4,142</u>
<b>Number of shares</b>		
	<b>2023</b>	2022
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings/(loss) per share calculation	<u>800,000,000</u>	<u>800,000,000</u>

**9. TRADE RECEIVABLES**

	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	<b>3,359</b>	3,805
Impairment	<u>(274)</u>	<u>(280)</u>
	<u><b>3,085</b></u>	<u>3,525</u>

The Group's retail sales are usually paid in cash or by major credit/debit cards, with the settlement from the corresponding banks or other financial institutions normally within 7 to 30 days. The Group's trading terms with its wholesale and project customers are mainly on credit, except for new customers, where payment in advance and/or upon delivery is normally required. The credit period for these customers is generally one to two months, extending up to six months for major project customers, or based on terms agreed by the relevant parties as set out in the respective agreements. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

## 9. TRADE RECEIVABLES (continued)

An ageing analysis of the trade receivables of the Group as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	<b>2,172</b>	2,341
1 to 3 months	<b>658</b>	1,072
Over 3 months	<b>255</b>	112
	<u>3,085</u>	<u>3,525</u>

## 10. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	<b>3,097</b>	7,169
1 to 3 months	<b>1,431</b>	2,452
Over 3 months	<b>671</b>	781
	<u>5,199</u>	<u>10,402</u>

The trade and bills payables are non-interest-bearing and are normally settled on terms of 60 to 120 days.

## **SCOPE OF WORK OF MESSRS. ERNST & YOUNG**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the Year as approved by the Board on 29 June 2023. The work performed by Messrs. Ernst & Young in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Ernst & Young on this preliminary announcement.

## **REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR**

The Audit Committee, which comprises three Independent Non-executive Directors of the Company, had reviewed the Group's consolidated financial statements for the Year in conjunction with the Group's auditor, Messrs. Ernst & Young. Based on this review and discussion with the management of the Company, the Audit Committee was satisfied that the consolidated financial statements were prepared in accordance with applicable accounting standards and fairly presented the Group's financial position as at 31 March 2023 and annual results for the Year.

## **CORPORATE GOVERNANCE**

### **Corporate Governance Code**

The Company has complied with all the code provisions of the Corporate Governance Code as set out in the Appendix 14 to the Listing Rules throughout the Year.

### **Model Code for Securities Transactions**

The Company has adopted its own code of conduct regarding securities transactions by Directors ("Ulferts Securities Code") on no less exacting terms than the required standards as set out in Appendix 10 to the Listing Rules regarding Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"). Having made specific enquiry to all Directors, all of them confirmed that they have complied with the required standard of dealings as set out in the Ulferts Securities Code throughout the Year.

Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with written guidelines in line with the Model Code. No incident of non-compliance by relevant employees was noted throughout the Year.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

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

## **PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT**

The annual results announcement is published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.UlfertsIntl.com>). The annual report of the Company will be dispatched to the shareholders of the Company and will be available on the aforesaid websites in due course.

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

Hong Kong, 29 June 2023

As at the date of this announcement, the Board comprises:

*Executive Directors:*

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

*Independent Non-executive Directors:*

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