

INTERIM REPORT
2023/2024



歐化國際有限公司
Ulferts International Limited

Incorporated in Hong Kong with limited liability (Stock Code: 1711)

CONTENTS

Management Discussion and Analysis	2
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	9
Condensed Consolidated Statement of Financial Position	10
Condensed Consolidated Statement of Changes in Equity	11
Condensed Consolidated Statement of Cash Flows.	12
Notes to Condensed Consolidated Financial Statements	13
Directors' and Chief Executives' Interests in Securities	23
Other Persons' Interests in Shares and Underlying Shares	24
Corporate Governance and Other Information	25

MANAGEMENT DISCUSSION AND ANALYSIS

The board of directors (“Board” or “Directors”) of Ulferts International Limited (“Company”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as “Group”) for the six months ended 30 September 2023 (“Period”).

RESULTS

Due to a tough business operating environment, the Group’s total revenue inevitably decreased to HK\$89.6 million (2022: HK\$118.1 million) during the Period. Gross profit was HK\$51.4 million (2022: HK\$72.8 million).

Revenue from the retail segment amounted to HK\$78.9 million (2022: HK\$105.6 million), accounting for 88.1% (2022: 89.4%) of the Group’s total revenue. Aggregate retail sales revenue of “**Ulferts**” and “**Ulferts Signature**” amounted to HK\$42.0 million (2022: HK\$60.3 million), and remained the key revenue contributor, accounting for 53.2% (2022: 57.1%) of total retail revenue. Aggregate retail sales revenue of “**Slumberland**” and “**Ulfenbo**” was HK\$21.1 million (2022: HK\$25.4 million), accounting for 26.8% (2022: 24.0%) of total retail revenue. The retail sales revenue of “**at • home**” was HK\$15.8 million (2022: HK\$20.0 million), accounting for 20.0% (2022: 18.9%) of total retail revenue.

As a result of the decline in its total revenue, the Group recorded a net loss of HK\$9.2 million (2022: net profit of HK\$509,000) during the Period. Basic loss per share was HK1.14 cents (2022: basic earnings per share of HK0.06 cent).

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 30 September 2023, the Group operated 25 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.

MANAGEMENT DISCUSSION AND ANALYSIS

“**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, sofas and other ancillary items, which are distributed through “**Ulfenbo**” specialty stores, department store counters, pop-up store 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 store 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.

MANAGEMENT DISCUSSION AND ANALYSIS

- *Comprehensive Retail Sales Channel*

As at 30 September 2023, the Group had 25 POS in Hong Kong, with the number of outlets in each retail line as follows:

	Number of POS
Furniture Products	
“ <i>Ulferts Signature</i> ”	1
“ <i>Ulferts</i> ”	3
“ <i>at • home</i> ”	5
Mattresses and Bedding Products	
“ <i>Slumberland</i> ” store and department store counters	6
“ <i>Ulfenbo</i> ” stores, department store counters and pop-up store	10
Total	25

“*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 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 store and roadshows are situated in residential areas, to capitalise on the market potential.

MANAGEMENT DISCUSSION AND ANALYSIS

- *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, “**at • home**” received the “Quality Service Leader Seasonal Award – Furniture & Home Accessories Category” for the period April to June 2023, 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 regularly conducted a range of marketing and promotional campaigns spanning social media engagements, print advertisements, outdoor billboards and advertising 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 and sofas under its self-owned label “**Ulfenbo**”, through over 200 dealers. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

With the macroeconomic headwinds and numerous market challenges, such as ongoing interest rate hikes, the confidence of home buyers and property investors has been dented. Hence the local property market remains weak. Coupled with the intense competition among market players, the slowdown of local economy recovery and soft consumer spending, the demand for furniture stays sluggish. The Group expects these unfavourable factors will continue to impact its business performance for the coming quarters. Subsequent to the Period, one “*Ulfenbo*” store was newly opened in New Town Commercial Arcade, Tuen Mun. The Group will closely observe the market situation and promptly respond as appropriate, and will be cautious in the course of footprint expansion. 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 achieve sustainable profitability.

FINANCIAL INFORMATION

Capital Structure, Liquidity and Financial Resources

There was no change in the capital structure during the Period. Cash and cash equivalents of the Group was HK\$57.1 million (31 March 2023: HK\$62.1 million), which were mainly denominated in Hong Kong dollars. As at 30 September 2023, bank borrowings of the Group was nil (31 March 2023: nil), hence its gearing ratio was zero (31 March 2023: zero). The Group has available banking facilities of approximately HK\$90.3 million as at 30 September 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.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 September 2023, the Group's current assets and current liabilities were approximately HK\$116.1 million (31 March 2023: HK\$128.2 million) and HK\$68.9 million (31 March 2023: HK\$69.9 million), respectively. Current ratio and quick ratio of the Group were 1.7 (31 March 2023: 1.8) and 1.1 (31 March 2023: 1.2), respectively.

In view of the Group's financial position as at 30 September 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 30 September 2023, the Group's number of employees was 124 (2022: 138). Total staff costs including Director's remuneration and the other staff costs for the Period were HK\$23.0 million (2022: HK\$24.1 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 are set out in the section headed "Share Options" of this interim report.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (2022: Nil).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	Notes	Six months ended 30 September	
		2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
REVENUE	4	89,625	118,140
Cost of sales		(38,257)	(45,378)
Gross profit		51,368	72,762
Other income and gains	4	1,779	2,182
Selling and distribution expenses		(48,920)	(61,389)
General and administrative expenses		(11,994)	(12,232)
Finance costs		(1,389)	(814)
PROFIT/(LOSS) BEFORE TAX	5	(9,156)	509
Taxation	6	–	–
PROFIT/(LOSS) FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD		(9,156)	509
Attributable to:			
Owners of the parent		(9,156)	509
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted (expressed in HK cents per share)		(1.14)	0.06

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2023

		30 September 2023 (unaudited)	31 March 2023 (audited)
	Notes	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		2,408	3,288
Right-of-use assets		43,450	49,794
Prepayments, deposits and other receivables		9,192	9,788
Deferred tax assets		5,182	5,182
Total non-current assets		60,232	68,052
CURRENT ASSETS			
Inventories		41,060	43,639
Trade receivables	9	3,373	3,085
Prepayments, deposits and other receivables		14,605	19,461
Cash and cash equivalents		57,091	62,059
Total current assets		116,129	128,244
CURRENT LIABILITIES			
Trade and bills payables	10	2,881	5,199
Other payables and accruals		27,305	24,020
Lease liabilities		34,882	36,777
Provisions		3,641	3,741
Tax payable		206	206
Total current liabilities		68,915	69,943
NET CURRENT ASSETS		47,214	58,301
TOTAL ASSETS LESS CURRENT LIABILITIES		107,446	126,353
NON-CURRENT LIABILITIES			
Lease liabilities		20,364	30,115
Provisions		6,521	6,521
Total non-current liabilities		26,885	36,636
Net assets		80,561	89,717
EQUITY			
Equity attributable to owners of the parent			
Share capital		110,337	110,337
Accumulated losses		(29,776)	(20,620)
Total equity		80,561	89,717

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Share capital	Retained profits/ (accumulated losses)	Total equity
	HK\$'000	HK\$'000	HK\$'000
At 1 April 2022 (audited)	110,337	4,397	114,734
Profit and total comprehensive income for the period	–	509	509
Final dividend recognised and paid for 2022	–	(4,000)	(4,000)
At 30 September 2022 (unaudited)	110,337	906	111,243
At 1 April 2023 (audited)	110,337	(20,620)	89,717
Loss and total comprehensive loss for the period	–	(9,156)	(9,156)
At 30 September 2023 (unaudited)	110,337	(29,776)	80,561

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023 (unaudited)	2022 (unaudited)
	HK\$'000	HK\$'000
Net cash from operating activities	18,878	23,706
Net cash used in investing activities	(192)	(1,301)
Net cash used in financing activities	(23,654)	(23,036)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,968)	(631)
Cash and cash equivalents at beginning of period	62,059	76,804
CASH AND CASH EQUIVALENTS AT END OF PERIOD	57,091	76,173
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	57,091	76,173

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosures required by Appendix 16 to The Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Hong Kong Companies Ordinance (“CO”).

The unaudited condensed consolidated financial statements have been prepared on the historical cost convention. The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

These unaudited condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2023.

The financial information relating to the year ended 31 March 2023 that is included in this interim report 2023 does not constitute the Company’s statutory annual consolidated financial statements for 2023 but is derived from those financial statements. Further information relating to these statutory annual consolidated financial statements required to be disclosed in accordance with section 436 of the CO is as follows:

- (a) The Company has delivered the consolidated financial statements for the year ended 31 March 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to the CO.
- (b) The Company’s auditor has reported on the consolidated financial statements of the Group for the year ended 31 March 2023. 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 report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the CO.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2023.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	<i>Insurance Contracts</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>

The application of the amendments to HKFRSs has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

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 resources 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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

3. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

Substantially all of the Group's revenues from external customers during the six months ended 30 September 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.

4. REVENUE AND OTHER INCOME

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and the value of project services rendered during the Period.

An analysis of revenue and other income is as follows:

	Six months ended 30 September	
	2023 (unaudited)	2022 (unaudited)
	HK\$'000	HK\$'000
Revenue from contracts with customers		
Retail of furniture	78,902	105,613
Wholesale of furniture	5,852	6,560
Special projects	4,871	5,967
	89,625	118,140

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

4. REVENUE AND OTHER INCOME (Continued)

	Six months ended 30 September	
	2023	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Types of goods or services		
Sale of goods	89,625	118,140
Total revenue from contracts with customers	89,625	118,140
Timing of revenue recognition		
At a point in time	89,625	118,140
Total revenue from contracts with customers	89,625	118,140
Other income and gain		
Government subsidies	–	1,056
Other service income	768	941
Bank interest income	955	107
Others	56	78
	1,779	2,182

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

5. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 September	
	2023 (unaudited)	2022 (unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold and services provided	37,684	44,807
Net write-down of inventories to net realisable value	573	571
Total amount recognised as cost of sales	38,257	45,378
Depreciation of property, plant and equipment	1,072	3,135
Depreciation of right-of-use assets	16,966	20,184
Loss on disposal of items of property, plant and equipment	—	15

6. INCOME TAX

The Group did not generate any assessable profits arising in Hong Kong during the Period (2022: Nil).

7. DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (2022: Nil).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 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 Period 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 Period.

The Group had no potentially dilutive ordinary shares in issue during both periods.

	Six months ended 30 September	
	2023 (unaudited)	2022 (unaudited)
	HK\$'000	HK\$'000
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent used in the basic and diluted earnings/(loss) per share calculation	(9,156)	509
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the Period used in the basic and diluted earnings/(loss) per share calculation	800,000,000	800,000,000

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

9. TRADE RECEIVABLES

The Group's retail sales are usually paid in cash or by major credit/debit cards. The Group's trading terms with its wholesale, project customers are mainly on credit, except for new customers, where payment in advance upon delivery is normally required. The credit period for these customers is generally one to two months, or extending up to six months for major project customers. 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.

An ageing analysis of the trade receivables of the Group, based on the invoice date, is as follows:

	30 September 2023 (unaudited) HK\$'000	31 March 2022 (audited) HK\$'000
Within 1 month	2,791	2,172
1 to 3 months	582	658
Over 3 months	—	255
	3,373	3,085

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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:

	30 September 2023 (unaudited)	31 March 2023 (audited)
	HK\$'000	HK\$'000
Within 1 month	1,459	3,097
1 to 3 months	1,422	1,431
Over 3 months	–	671
	2,881	5,199

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

11. CONTINGENT LIABILITIES

At end of reporting period, contingent liabilities not provided for by the Group in the financial statements were as follows:

	30 September 2023 (unaudited)	31 March 2023 (audited)
	HK\$'000	HK\$'000
In connection with a bank guarantee given to a landlord in lieu of rental deposit required under certain tenancy agreements	2,187	2,187
In connection with a bank guarantee given to a customer in lieu of a surety bond required under a certain project sales agreement	171	171
	2,358	2,358

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

12. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions, arrangements and balances detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the Period:

	Six months ended 30 September	
	2023 (unaudited)	2022 (unaudited)
	HK\$'000	HK\$'000
Project sales	2,063	4,880
Lease expenses	3,254	3,746
Reimbursement of administrative expenses	1,366	1,199
Financial advisory fees	188	180
Company secretarial fees	139	139

Related parties are (i) companies controlled by relevant private discretionary trusts of which Dr. Yeung Sau Shing, Albert (“Dr. Yeung”) is the founder; (ii) company controlled by a Director; or (iii) certain Directors.

- (b) Compensation of key management personnel of the Group:

	Six months ended 30 September	
	2023 (unaudited)	2022 (unaudited)
	HK\$'000	HK\$'000
Fees	570	508
Short-term employee benefits	2,717	2,640
Post-employment benefits	59	68
	2,776	2,708
Total compensation paid to key management personnel	3,346	3,216

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

13. FAIR VALUE AND FAIR VALUE HIERARCHY

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

At the end of the reporting period, the carrying amounts of the Group's financial assets and financial liabilities reasonably approximated to their fair values.

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables, financial liabilities included in other payables, accruals and other liabilities, interest-bearing bank borrowings reasonably approximate to their carrying amounts largely due to the short term maturities/repayable on demand of these instruments or the effect of discounting is not material.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 September 2023, the following Director(s) and chief executive(s) of the Company had or were deemed or taken to have interests and short positions in the following shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors adopted by the Company ("Ulferts Securities Code"):

(a) Long position interests in the Company

None of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company.

(b) Long position interests in associated corporation of the Company

Ordinary shares

Name of Director	Name of associated corporation	Capacity/Nature of interests	Number of shares interested	% of issued voting shares
Ms. Fan Man Seung, Vanessa	Emperor International Holdings Limited	Beneficial owner	10,500,000	0.29

Save as disclosed above, as at 30 September 2023, none of the Directors nor chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as is known to any Directors or chief executives of the Company, as at 30 September 2023, the persons or corporations (other than a Director or chief executive of the Company) who had, or were deemed or taken to have interests and short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO ("DI Register") were as follows:

Long positions in the shares of the Company ("Shares")

Name	Capacity/Nature of interests	Number of Shares interested	% of issued voting Shares
Albert Yeung Investments Holdings Limited ("AY Investments Holdings")	Interest in a controlled corporation	600,000,000	75
First Trust Management AG ("First Trust")	Trustee of a private discretionary trust	600,000,000	75
Dr. Yeung	Founder of a private discretionary trust	600,000,000	75
Ms. Luk Siu Man, Semon ("Ms. Semon Luk")	Interest of spouse	600,000,000	75

Note: These Shares were held by Ulferts International Group Holdings Limited ("Ulferts Holdings"), a wholly-owned subsidiary of AY Investments Holdings. AY Investments Holdings was in turn held by First Trust in trust for a private discretionary trust set up by Dr. Yeung. By virtue of being the spouse of Dr. Yeung, Ms. Semon Luk had deemed interests in the said Shares held by Ulferts Holdings.

Save as disclosed above, as at 30 September 2023, the Directors or chief executives of the Company were not aware of any other person or corporation (other than the Directors and chief executives of the Company) who had, or were deemed or taken to have, any interests or short positions in any Shares or underlying Shares as recorded in the DI Register.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE OPTIONS

To enable the Group to attract, retain and motivate talented participants to strive for future developments and expansion of the Group, the Company has adopted a share option scheme on 8 January 2018 (“Share Option Scheme”) to provide incentive or rewards to eligible participants including the Directors and employees of the Group. No share option was granted thereunder since its adoption. The number of options available for grant under the scheme mandate limit of the Share Option Scheme was 80,000,000 at the beginning and end of the Period.

CORPORATE GOVERNANCE CODE

The Company had complied with all the code provisions as set out in the Corporate Governance Code under Appendix 14 to the Listing Rules throughout the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted Ulferts Securities Code as its own code of conduct regarding securities transactions by Directors 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 the Directors, all of them confirmed that they had complied with the required standard of dealings as set out in Ulferts Securities Code throughout the Period.

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 Period.

CHANGES IN INFORMATION OF DIRECTORS

The changes in Directors’ information since the date of 2022/2023 annual report of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

- (1) Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa are executive directors of New Media Lab Limited (Stock Code: 1284), a company newly listed on the Stock Exchange on 17 July 2023; and
- (2) Mr. Ng Hoi Yue resigned as executive director and deputy chief executive officer of Asian Citrus Holdings Limited (Stock Code: 73), a company listed on the Stock Exchange, with effect from 30 June 2023.

CORPORATE GOVERNANCE AND OTHER INFORMATION

REVIEW OF INTERIM REPORT

The condensed consolidated interim financial statements of the Group for the Period as set out in this interim report have not been reviewed nor audited by the Company's auditor, Ernst & Young, but this report has been reviewed by the audit committee of the Company, which comprises the three Independent Non-executive Directors of the Company.

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 Period.

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

Hong Kong, 30 November 2023

As at the date of this report, 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