



# 歐化國際有限公司 Ulferts International Limited

## ULFERTS ANNOUNCES PROPOSED LISTING ON THE MAIN BOARD OF HKEX

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### TOTAL OFFERING OF 200 MILLION NEW SHARES AT BETWEEN HK\$0.38 AND HK\$0.62 PER SHARE

(Hong Kong, 15 January 2018) — **Ulferts International Limited** (“**Ulferts**” or “the Group”, Stock Code: 1711.HK), a well-known furniture retailer in Hong Kong, today announced the details of its share offering (the “Share Offering”) and proposed listing on the Main Board of The Stock Exchange of Hong Kong Limited (“HKEx”).

A total of 200 million new shares are being offered under the Share Offering, comprising 180 million placing shares for subscription by investors and 20 million shares for subscription by the public in Hong Kong (the “Allocation”), representing 90.0% and 10.0% of the total number of the offer shares, respectively. The Allocation of the offer shares is subject to re-allocation, whereby part of the placing shares will be re-allocated to the public offer in case of a certain level of over-subscription in the public offering.

Emperor Capital Limited and OCTAL Capital Limited are the Joint Sponsors of the Group’s listing. Emperor Securities Limited is the Sole Bookrunner and Lead Manager. The Bank of East Asia, Limited and Taiping Securities (HK) Company Limited are the Co-Lead Managers.

The offer price (the “Offer Price”) is expected to be between HK\$0.38 and HK\$0.62 per share. Assuming the offer price of HK\$0.50 per share, being the mid-point of the indicative Offer Price range, the net proceeds after deducting related expenses payables for the offer shares is estimated to be approximately HK\$81.3 million. The net proceeds of the offer shares will be mainly used for 1) paying the capital expenditure, rental deposits and overhead expenses for opening at least three retail stores in Hong Kong for mid-range customer segment; 2) strengthening the product portfolio and brand mix by introducing new models and new brands; 3) Enhancing “**Ulfenbo**” sales channels and brand awareness; 4) paying the capital expenditure and rental deposits for opening one more “**Ulferts**” retail store or any merger and acquisition opportunities to be identified; 5) upgrading the information technology system; and 6) general working capital.

The public offer will open on 16 January 2018 (Tuesday) and close on 19 January 2018 (Friday). The allotment results will be announced on 26 January 2018 (Friday). Dealings in the shares of the Group will commence on the Main Board of HKEx on 29 January 2018 (Monday) under the stock code 1711. Shares will be traded in board lots of 10,000 shares each.

**Mr. Ricky Ng, Executive Director & Chief Executive Officer of Ulferts**, said, “We believe that our long operating history with strong brand recognition distinguish ourselves in the marketplace. We are dedicated to supply high quality, stylish and affordable luxury furniture for our customers. Having been a retailer of contemporary style imported furniture over 40 years, we understand the needs and preferences of customers in Hong Kong. With our strong brand recognition, a diversified product portfolio, strategic location of retail stores and long-standing relationship with various furniture brands, we are poised to build our past success and continue to grow. The listing on the HKEx will provide Ulferts with financial resources for the execution of our business strategies and strengthen our competitiveness in the market.”

Retail sales of furniture is the Group’s major source of revenue and accounted for 92.6% of the total revenue in the year ended 31 March 2017, with sofa contributed 63.0% of the Group’s retail sales. The Group runs 6 showrooms under the “**Ulferts**” and one store under the “**Eurodecor**” for retail of furniture, as well as 7 specialty stores under “**Dormire**” for retail of “**Ulfenbo**” products. The “**Ulferts**” showrooms are strategically situated in Kowloon Bay, Shatin, Tin Hau, Whampoa, Yuen Long and Kornhill, which are all conveniently located in mature markets of the Group’s target customer base of the mid to high income group. Meanwhile, the “**Eurodecor**” shop is located in Happy Valley, the area known for concentration of high-end furniture shops. The Group offers a wide variety of furniture products, from leather sofas, dining tables and chairs, wardrobes and cabinets to beds, which are imported from different suppliers in Europe and Asia. The Group carries around 50 furniture brands in “**Ulferts**” and “**Eurodecor**” stores, including international brands such as Domicil, Himolla, Gamma, Kristalia and Nicolettihome.

The expansive space of the “**Ulferts**” showrooms enables the Group to display a wide spectrum of products, and enhance the customers’ shopping experience. The salesforce is well-trained and offers customers advice on their purchasing needs. The Group’s efforts in service excellence have received public recognition in the 2015, 2016 and 2017 Service and Courtesy Awards organized by the Hong Kong Retail Management Association.

Since May 2014, the Group started operating “**Dormire**” specialty stores for retail of “**Ulfenbo**” products. The “**Dormire**” stores are typically compact in size and is designed to create a more casual and relaxing environment.

Other than retail sales, the Group also operates wholesale business of some models of mattresses and sofas under its self-owned label “**Ulfenbo**” through about 250 dealers in Hong Kong and Macau.

Complementary to its retail business, the Group has a special projects division which takes on furniture related projects primarily for corporate customers. Special projects provide services from planning, design, procuring custom-made furniture to final installation for corporate customers, as well as consultation and liaison services with furniture manufacturers.

With the new residential developments in Hong Kong, and consumers who are increasingly conscious of quality and status, the Group believes the demand for quality furniture will continue to grow. Looking ahead, the Group aims to consolidate its market

position in the furniture retail business in Hong Kong and strengthen its competitiveness to strive for sustainable growth. To achieve this, the Group will seek to expand its retail network targeting the mid-range customer segment, strengthen its product portfolio by introducing new models and new brands, and enhance sales channels and brand awareness of “**Ulfenbo**”.

It is expected that the shrinking of home size will boost the demand for small and compact furniture by new families in Hong Kong. The Group intends to diversify into furniture more catered to apartments which are below 500 square feet to capture such market opportunity. In this regard, the Group plans to open at least three stores targeting mid-range segment by the end of 2019.

**Mr. Ng** concluded, “Although the furniture retailing industry in Hong Kong is fragmented, we are confident to gain a foothold in this segment by leveraging on the “**Ulferts**” reputation and our committed management team. Apart from expanding our retail network, we will further reinforce our brand recognition by conducting marketing strategies and promotional activities. With steady growth in number of mid-range domestic households, we stay positive towards the home furniture market. Following the Share Offering, we will pursue proactive expansion strategy, as well as explore value-enhancing opportunities while optimising our overall capital structure, in order to seize the opportunities and strengthen our market position.”

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### **Offering Details**

|                               |                                   |
|-------------------------------|-----------------------------------|
| Number of offer shares        | 200,000,000 new shares            |
| Number of public offer shares | 20,000,000 new shares             |
| Number of placing shares      | 180,000,000 new shares            |
| Offer Price                   | HK\$0.38 – HK\$0.62 per share     |
| Market capitalisation         | HK\$304,000,000 – HK\$496,000,000 |
| Estimated net proceeds*       | HK\$81,300,000                    |
| Price/earnings multiple*      | 13.3x                             |
| Stock code                    | 1711.HK                           |

\*Based on the mid-point of the indicative Offer Price range as HK\$0.50 per share

### **Financial Highlights**

| HK\$' 000<br>(Audited)     | For the year ended 31 March |         |         | 3-year CAGR |
|----------------------------|-----------------------------|---------|---------|-------------|
|                            | 2015                        | 2016    | 2017    |             |
| <b>Revenue</b>             | 181,347                     | 210,070 | 224,331 | + 11.2%     |
| <b>Gross profit</b>        | 109,932                     | 135,579 | 145,304 | + 15.0%     |
| <b>Gross profit margin</b> | 60.6%                       | 64.5%   | 64.8%   | N/A         |
| <b>Net profit</b>          | 23,288                      | 22,353  | 30,145  | + 13.8%     |
| <b>Net profit margin</b>   | 12.8%                       | 10.6%   | 13.4%   | N/A         |

### **About Ulferts International Limited**

Established for over 40 years, Ulferts is a well-known furniture retailer and currently operates “**Ulferts**”, “**Eurodecor**” and “**Dormire**” retail stores in Hong Kong. Dedicated to supply high quality and affordable luxury furniture for its customers to build their ideal home, Ulferts carries around 50 furniture brands (some of which are international brands) imported from different suppliers in Europe and Asia. It offers a wide variety of contemporary style furniture products targeted for middle to high income group. Meanwhile, its self-owned brand, “**Ulfenbo**”, mainly offers mattresses and sofas through wholesaling to dealers and retailing under “**Dormire**” retail stores. In recognition of Ulferts’ commitment to service excellence, its staff was awarded with “Outstanding Performance Awards” in 2017 Service & Courtesy Award programme organised by Hong Kong Retail Management Association. For more information, please visit its website: [www.ulferts.com.hk](http://www.ulferts.com.hk).

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