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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

FINANCIAL SUMMARY

	For the year ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
Revenue	258,553	224,331
Gross profit	163,922	145,304
Net profit	8,477	30,145

The board of directors (the “Board” or “Directors”) of Ulferts International Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2018 (the “Year”) together with the comparative figures for the corresponding year in 2017 as set out below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	<i>Notes</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
REVENUE	4	258,553	224,331
Cost of sales		<u>(94,631)</u>	<u>(79,027)</u>
Gross profit		163,922	145,304
Other income and gains	4	1,435	4,626
Selling and distribution expenses		(116,942)	(95,955)
General and administrative expenses		(35,586)	(18,402)
Finance cost		<u>(283)</u>	<u>(1)</u>
PROFIT BEFORE TAX	5	12,546	35,572
Income tax expense	6	<u>(4,069)</u>	<u>(5,427)</u>
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>8,477</u>	<u>30,145</u>
Attributable to:			
Owners of the parent		<u>8,477</u>	<u>30,145</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted (expressed in HK cents per share)		<u>1.34</u>	<u>5.02</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	<i>Notes</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		17,379	12,647
Prepayments and deposits		11,361	6,762
Deferred tax assets		1,681	1,214
		<hr/>	<hr/>
Total non-current assets		30,421	20,623
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		44,226	32,944
Trade receivables	9	6,263	4,473
Prepayments, deposits and other receivables		11,577	13,520
Tax recoverable		570	–
Cash and cash equivalents		83,385	39,818
		<hr/>	<hr/>
Total current assets		146,021	90,755
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade and bills payables	10	7,076	5,246
Other payables and accruals		28,619	25,636
Interest-bearing bank borrowings		19,798	–
Provisions		1,241	2,445
Tax payable		–	1,622
		<hr/>	<hr/>
Total current liabilities		56,734	34,949
		<hr/>	<hr/>
NET CURRENT ASSETS		89,287	55,806
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		119,708	76,429
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Provisions		4,060	1,530
		<hr/>	<hr/>
Net assets		115,648	74,899
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital		110,337	6,065
Retained profits		5,311	68,834
		<hr/>	<hr/>
Total equity		115,648	74,899
		<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 consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

The financial information relating to the years ended 31 March 2018 and 2017 included in this preliminary announcement of annual results 2018 do 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 these statutory annual consolidated financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

As the Company was a private company before the listing of its shares on the Main Board of The Stock Exchange of Hong Kong Limited, it is not required to deliver and has not delivered its consolidated financial statements for the year ended 31 March 2017 to the Registrar of Companies. The Company will deliver the consolidated financial statements for the year ended 31 March 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance 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 HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to HKFRS 12 included in <i>Annual Improvements to HKFRSs 2014-2016 Cycle</i>	<i>Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12</i>

None of the above amendments to HKFRSs has had a significant financial effect on the Group’s financial performance and financial position. Disclosure has been made in the current year’s financial statements upon the adoption of amendments to HKAS 7, which require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

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 2018 and 2017 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 2018 and 2017 amounted to 10% or more of the total revenues of the Group.

4. REVENUE, OTHER INCOME AND GAINS

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 year.

An analysis of revenue, other income and gains is as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Revenue		
Retail of furniture	239,298	207,859
Wholesale of furniture	12,212	13,138
Special projects – project sales and consultancy services arrangements	7,043	3,334
	<u>258,553</u>	<u>224,331</u>
Other income and gains		
Other service income	707	701
Gain on disposal of items of property, plant and equipment	–	75
Provision for reinstatement costs – reversal of unutilised provisions/decrease in estimated provisions	–	3,574
Bank interest income	240	–
Others	488	276
	<u>1,435</u>	<u>4,626</u>

5. PROFIT BEFORE TAX

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Cost of inventories sold and services provided	94,706	78,904
Net write-down/(reversal of write-down) of inventories to net realisable value	<u>(75)</u>	<u>123</u>
Total amount recognised as cost of sales	<u>94,631</u>	<u>79,027</u>
Depreciation	8,501	9,456
Loss/(gain) on disposal/write-off of items of property, plant and equipment*	419	(75)
Reversal of impairment of an other receivable*	(63)	–
Minimum lease payments under operating leases	49,829	40,942
Contingent rents under operating leases	<u>1,322</u>	<u>618</u>
	<u>51,151</u>	<u>41,560</u>

* Included in "General and administrative expenses" in the consolidated Statement of profit or loss and other comprehensive income.

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	4,661	6,128
Overprovision in prior years	(125)	–
Deferred	<u>(467)</u>	<u>(701)</u>
Total tax charge for the year	<u><u>4,069</u></u>	<u><u>5,427</u></u>

7. DIVIDEND

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Interim – HK\$0.12 (2017: Nil) per ordinary share	<u><u>72,000</u></u>	<u><u>–</u></u>

The Board did not recommend the payment of a final dividend for the Year.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent of HK\$8,477,000 (2017: HK\$30,145,000) and the weighted average number of ordinary shares of 633,972,603 (2017: 600,000,000) in issue during the Year, as adjusted retrospectively to reflect a share subdivision of the Company during the Year.

In determining the weighted average number of ordinary shares in issue, the share subdivision of the Company during the Year was deemed to have been completed on 1 April 2016.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2018 and 2017.

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic and diluted earnings per share calculation	<u><u>8,477</u></u>	<u><u>30,145</u></u>

Number of shares

Shares

Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation, as adjusted retrospectively to reflect the share subdivision of the Company during the year

<u><u>633,972,603</u></u>	<u><u>600,000,000</u></u>
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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 and consultancy services 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 and consultancy service 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:

	2018	2017
	HK\$'000	HK\$'000
Within 1 month	3,713	2,045
1 to 3 months	2,409	1,918
Over 3 months	141	510
	<u>6,263</u>	<u>4,473</u>

Included in the Group's trade receivables at 31 March 2017 were amounts due from fellow subsidiaries of approximately HK\$221,000, which were unsecured, non-interest-bearing and repayable within one month.

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:

	2018	2017
	HK\$'000	HK\$'000
Within 1 month	6,891	4,907
1 to 3 months	70	3
Over 3 months	115	336
	<u>7,076</u>	<u>5,246</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a leading retailer of high quality home furniture mainly imported from Europe, and the shares of the Company were newly listed on the Main Board of The Stock Exchange of Hong Kong Limited in January 2018.

Established for over 40 years, the Group operated 16 points-of-sale (“POS”) in Hong Kong, under three retail lines – “*Ulferts*”, “*Dormire*” and “*Eurodecor*”, as well as online shopping platforms as at 31 March 2018. Dedicated to supplying high quality, stylish and affordable furniture for transforming into ideal homes, “*Ulferts*” and “*Eurodecor*” offered a wide variety of contemporary style furniture products targeting middle to high income groups. “*Dormire*” on the other hand offered mattresses, pillows, sofas and other ancillary items under the Group’s self-owned brand “*Ulfenbo*” targeting at the mass market. Such products were distributed through other retail networks such as department store counters and roadshows and also through wholesaling to about 260 dealers.

MARKET REVIEW

With strong sales performances in the primary home market and a record breaking run of surging secondary home prices, the volume of residential property transactions remained active during the Year. Supported by an organic expansion of local household formation and continuous arrivals of family-base immigrants, the Hong Kong property market continued to grow.

Thanks to a lower unemployment rate, growing middle class, and a stronger sense of optimism regarding the local economy, local consumer confidence started to surge. Additionally, the positive wealth effect resulting from the stock market boom and an ongoing rise in property prices, in turn encouraged local residents to increase investments in new apartments or renovate their existing flats. With a gradual increase in household income and enhancement of living standards, residents have greater awareness of product quality, hence demand for high quality imported home furniture has continued to rise.

FINANCIAL REVIEW

Overall Review

In line with the store network expansion and increasing market demand for quality home furniture, the Group’s total revenue registered growth of 15.3% to HK\$258.6 million (2017: HK\$224.3 million) during the Year. Revenue of the retail segment increased by 15.1% to HK\$239.3 million (2017: HK\$207.9 million) and remained a key revenue contributor, accounting for 92.6% (2017: 92.6%) of the Group’s total revenue. Gross profit grew by 12.8% to HK\$163.9 million (2017: HK\$145.3 million). Due to an increase of purchase price of the furniture products amid the appreciation of Euro, the gross profit margin slightly decreased to 63.4% (2017: 64.8%).

The Group's net profit for the year was HK\$8.5 million (2017: HK\$30.1 million). Such decline was primarily due to the recognition of the one-off listing expenses, as well as the increase in rental expense and overhead arising from new POS and the softened performance of gross profit margin. The listing expenses mainly comprised of legal and other professional fees in connection with the Company's initial public offering. The Board did not recommend the payment of a final dividend for the Year.

Capital Structure, Liquidity and Financial Resources

The shares of the Company were successfully listed on the Main Board of The Stock Exchange on 29 January 2018 and there has been no change in share capital structure of the Company since then. As at 31 March 2018, the Company had 800 million shares in issue.

Cash and cash equivalents of the Group as at 31 March 2018 amounted to HK\$83.4 million (2017: HK\$39.8 million), which were mainly denominated in Hong Kong dollars. As at 31 March 2018, the bank borrowings of the Group was HK\$19.8 million (2017: Nil), and hence its gearing ratio (calculated on the basis of the total borrowings over total equity) was 17.1% (2017: Nil). The Group also had available unutilised banking facilities of approximately HK\$34.2 million as at 31 March 2018. The adequate liquidity and unutilised banking facilities enable the Group to retain high flexibility for future development.

As at 31 March 2018, the Group's current assets and current liabilities were approximately HK\$146.0 million (2017: HK\$90.8 million) and HK\$56.7 million (2017: HK\$34.9 million), respectively. As at 31 March 2018, current ratio and quick ratio of the Group were 2.6 (2017: 2.6) and 1.8 (2017: 1.7), respectively.

In view of the Group's financial position as at 31 March 2018, the Board considered that the Group had sufficient working capital for its operations and future development plans.

Use of Proceeds

The final offer price for the listing was HK\$0.56 per share, and the actual net proceeds from the listing were approximately HK\$92.6 million. This amount was higher than the estimated net proceeds of approximately HK\$81.3 million, which was based on a mid-point offer price of HK\$0.50 per share, as disclosed in the prospectus. In light of the difference between the actual and estimated amount of the net proceeds, the Group has adjusted the use of proceeds as shown in the prospectus:

	Adjusted use of net proceeds HK\$ million (Note)	Actual use of net proceeds up to 31 March 2018 HK\$ million
Capital expenditure, rental deposits and overhead expenses for opening of “ <i>at•home</i> ” retail stores	34.2	–
Strengthening the Group’s product portfolio	24.2	0.8
Enhance “ <i>Ulfenbo</i> ” sales channels and brand awareness	10.3	–
Capital expenditure, rental deposits and overhead expenses for opening of an “ <i>Ulferts</i> ” retail store	9.1	–
Upgrade information technology	5.7	–
General working capital	9.1	9.1
	<u>92.6</u>	<u>9.9</u>

Note: The breakdown of the planned use of net proceeds has been adjusted based on the actual total net proceeds of HK\$92.6 million and in the same proportion allocated to each of its usage as disclosed in the prospectus.

BUSINESS REVIEW

Retail Business

- ***Effective Market Segmentation***

A clearly identifiable market segmentation analysis is essential for enabling the Group to successfully identify targeted groups of consumers in order to define product range and effectively implement branding and marketing strategies.

“*Ulferts*”, as the Group’s core retail label, is dedicated to providing high quality and stylish furniture for its customers to transform into ideal homes. To offer a wide variety of contemporary style furniture products targeting middle to high income groups, the Group operates “*Ulferts*” showrooms across Hong Kong, together with a “*Eurodecor*” store in Happy Valley.

“*Ulfenbo*” products focus on the mass market need for furniture enabling good quality sleep, at affordable prices. To facilitate the retailing of “*Ulfenbo*” products, the Group operates “*Dormire*” specialty stores which are typically small in scale, and are designed with a casual and relaxing environment, to highlight smart living style.

- ***Diverse Product Portfolio***

The Group offers a wide variety of furniture products – ranging from leather sofas, cabinets, dining tables and chairs, through wardrobes, coffee tables and sideboards, to beds; these are imported from European and Asian countries. The Group currently carries around 50 furniture brands in “*Ulferts*” showrooms and “*Eurodecor*” stores, including international brands such as Himolla, Gamma, Nicolettihome, Kristalia and Domicil, with which the Group has built long-standing relationship. In addition, the Group has been continuously expanding its product portfolio to include accessories such as paintings, carpets and other decorative items in “*Ulferts*” showrooms.

The Group also offers mattresses, pillows, sofas, sofa beds, adjustable beds, as well as other ancillary items such as mattress protectors and mattress toppers under its self-owned label “*Ulfenbo*”. The Group provides different models of mattresses, in various sizes with varying supports, to meet diverse customer needs.

- ***Comprehensive Retail Sales Channels***

As at 31 March 2018, the Group had 16 POS (2017: 12) in Hong Kong. The number of outlets in each retail line are as follows:

Retail Line	Number of POS
“ <i>Ulferts</i> ”	6
“ <i>Dormire</i> ” and department store counters	9
“ <i>Eurodecor</i> ”	1
Total	16

“*Ulferts*” showrooms are strategically located in either upscale residential areas or major shopping areas, targeting middle to high income groups. Meanwhile, the “*Eurodecor*” store is located in Happy Valley, a traditional luxury residential area clustering with high-end furniture shops. With its solid presence in these mature locations with resilient foot traffic, the Group enjoys more visitations and a high brand reputation.

The Group continues to strengthen its market presence through expanding its retail network. In July 2017, an “*Ulferts*” showroom was opened in Telford Plaza II in Kowloon East, which is an emerging shopping area and surrounded by large-scale residential developments in the vicinity. This allows the Group to reach quality end-users of furniture in Kowloon. In addition, three “*Dormire*” specialty stores (one in Tsuen Wan and two in Tseung Kwan O) and one department store counter in Sham Shui Po were opened during the Year. The new POS have yielded a positive impact on the Group’s sales performance.

- ***Excellent Customers Shopping Experience***

“*Ulferts*” showrooms are spacious, with a stylish and cozy environment, enabling the Group to display a wide spectrum of products and allow customers to touch and feel the actual furniture, its colour tones and the texture, to maximise the 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 salesforce is well-trained and offers customers advice on their purchasing needs. In recognition of its service excellence, the Group was awarded the “Service Retailer of the Year 2017” in Furniture & Home Accessories Category, in the Mystery Shoppers Programme organised by the Hong Kong Retail Management Association (“HKRMA”). In addition, the Group earned several accolades in the “2017 Service & Courtesy Award” of the HKRMA, namely the “Best Team Performance Award – Silver Award” (in retail industry), the “Winner of Supervisory Level” (in Furniture & Home Accessories Category) and the “Winner of Junior Frontline Level” (in Furniture & Home Accessories Category).

- ***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 TV commercials, print advertisements, outdoor advertising, social media engagements on regular basis. It also launched promotional campaigns such as seasonal sale, annual sale and stock clearance sale, as well as joint promotions with banks and reward programme such as Asia Miles.

In April 2017, the Group supported The Chinese Sports & Recreations Association, a non-profit-making organisation in Hong Kong that advocates sports programs for children, by sponsoring its annual event, “Super Kids Championship and Streetathons” under the “*Ulfenbo*” brand. The sponsorship gave the Group an opportunity to establish closer community ties, and enhanced the “*Ulfenbo*” brand’s association with a healthy lifestyle.

To commemorate the opening of Telford showroom, Mr. Hacken Lee, a famous singer in Greater China, was invited to officiate the grand opening together with the Group’s management and other honourable guests. The event has been widely reported in the media, which helps to further enhance *Ulferts*’ brand awareness as well as propagate the opening of this new showroom.

Wholesale Business

The Group also operates wholesale business of mattresses, sofas and sofas under its self-owned label “*Ulfenbo*” through about 260 dealers in Hong Kong and Macau. Based on its long establishment and quality products, the “*Ulfenbo*” brand has been recognised by the “Hong Kong Top Brand Mark” for four 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.

During the Year, the Group appointed Ms. Kelly Cheung, a famous artiste and an internet sensation, as the brand ambassador for “*Ulfenbo*” products. Marketing materials featuring her were produced since September 2017, presenting a fresh image for the “*Ulfenbo*” brand.

Special Projects

Complementing its retail and wholesale business, the Group has a special projects division, which undertakes furniture-related projects primarily for corporate customers. The division provides service ranging from planning and design, through procuring custom-made furniture to final installation for corporate customers, as well as consultation and liaison services with furniture manufacturers. During the Year, the Group undertook a variety of furniture-related projects, mainly for offices, cinemas, hotels and tertiary institutions.

PROSPECTS

With solid economic fundamentals and a positive wealth effect, it is expected that demand in the local residential property market, especially from investors and young couples looking for small flats, will continue to grow. Coupled with the positive consumption sentiment and diversified market demand for quality furniture products, the outlook for the home furniture retail business is promising.

The year ahead will continue to be a year of expansion and foundation building of the Group. The Group will further expand its POS network to capture the expected rising demand for furniture in the coming years.

The trend towards smaller home sizes will boost the demand for small and compact furniture for new families in Hong Kong. In order to capture the market opportunity, the Group intends to diversify into furniture products that better cater for small residential units or with special features and functions to serve the more diverse needs of modern families in small apartments. The Group plans to launch a new retail line of stores under “*at • home*” gearing towards mid-range segment, and targeting particularly young couples. At least one “*at • home*” store is scheduled to open in the second half of 2018. Meanwhile, the Group continues to expand its retail footprint by opening one “*Ulferts Signature*” showroom, a premium line of “*Ulferts*”, and at least one “*Dormire*” specialty store, in the second half of 2018.

Following the successful fund raising through the Company’s initial public offering during the Year, the Group will pursue a proactive expansion strategy, by increasing its POS and exploring value-enhancing opportunities while optimising the overall capital structure, in order to seize opportunities and enhance its competitiveness in the marketplace.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2018, the Group's number of employee was 133 (2017: 120). Total staff costs including Directors' remuneration and the other staff costs for the Year were HK\$44.3 million (2017: HK\$36.9 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, provident funds and other competitive fringe benefits.

To provide incentives or rewards to the staff, the Company has 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 did not recommend the payment of a final dividend for the Year.

CLOSURE OF REGISTER OF MEMBERS

For ascertaining shareholders' right to attend and vote at AGM

Latest time to lodge transfers	4:30 p.m. on 10 August 2018 (Friday)
AGM	16 August 2018 (Thursday)

In order to qualify for the right to attend and vote at the AGM, all relevant share certificates and properly completed transfer forms must be lodged with the Company's share registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration before the above latest time.

SCOPE OF WORK OF 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 the preliminary announcement have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

The Audit Committee of the Company, which comprises the three independent non-executive directors of the Company, had reviewed the consolidated financial statements for the Year in conjunction with the Company's auditors, 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 2018 and annual results for the Year.

CORPORATE GOVERNANCE

Corporate Governance Code

The Company has complied with all the provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules from the Listing Date and up to 31 March 2018.

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 set out in Appendix 10 of the Listing Rules – Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"). Having made specific enquiry to the Directors, all of them confirmed that they have complied with the required standard of dealings as set out in the Model Code and the Ulferts Securities Code from the Listing Date and up to 31 March 2018.

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 (<http://www.hkexnews.hk>) and the Company (<http://www.ulfertsintl.com>). The annual report will be dispatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 27 June 2018

As at the date hereof, the Board comprises:

Executive Directors:

Mr. Wong Chi Fai
Mr. Ng Koon Keung, Ricky
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