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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)

## 2020/2021 ANNUAL RESULTS ANNOUNCEMENT

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 2021 (the “Year”).

### FINANCIAL SUMMARY

HK\$'000

	For the year ended 31 March		
	2021	2020	Changes
Revenue	<b>234,504</b>	218,853	<b>+7.2%</b>
Retail	<b>216,979</b>	198,594	<b>+9.3%</b>
Wholesale & Special projects	<b>17,525</b>	20,259	<b>-13.5%</b>
Gross profit	<b>152,891</b>	134,368	<b>+13.8%</b>
Gross profit margin	<b>65.2%</b>	61.4%	<b>+3.8 pp</b>
EBITDA*	<b>35,239</b>	2,455	<b>+1,335.4%</b>
Net profit/(loss)	<b>16,826</b>	(11,628)	<b>N/A</b>
Basic earnings/(loss) per share	<b>HK2.10 cents</b>	HK(1.45) cents	<b>N/A</b>
Total dividends per share	<b>HK0.63 cent</b>	—	<b>N/A</b>

\* EBITDA represents earnings before interest, tax, depreciation and amortisation, to reflect the Group's core operating performance. The Group has fully adopted HKFRS16, which a depreciation of right-of-use assets associated with lease was recorded in both financial years.

## MANAGEMENT DISCUSSION AND ANALYSIS

### RESULTS

Despite a challenging retail landscape during the Year, the Group's total revenue increased to HK\$234.5 million (2020: HK\$218.9 million). Gross profit increased by 13.8% to HK\$152.9 million (2020: HK\$134.4 million), while gross profit margin increased by 3.8 percentage points to 65.2% (2020: 61.4%), mainly attributable to a larger contribution from “*at • home*” which enjoyed a higher profit margin.

Revenue from the retail segment amounted to HK\$217.0 million (2020: HK\$198.6 million), accounting for 92.5% (2020: 90.7%) of the Group's total revenue. Among the retail revenue, aggregate sales revenue of “*Ulferts*” and “*Ulferts Signature*” amounted to HK\$151.4 million (2020: HK\$153.7 million), and remained the key revenue contributor, accounting for 69.8% (2020: 77.4%) of total retail revenue. The sales revenue of “*at • home*” reported a growth of 68.0% to HK\$40.5 million (2020: HK\$24.1 million), accounting for 18.7% (2020: 12.1%) of total retail revenue.

Attributable to an increase in revenue, and a decrease in operating costs as a result of the Group's sound and effective cost control measures, coupled with a one-off other income recognised during the Year, the Group was able to achieve a net profit of HK\$16.8 million during the Year (2020: net loss of HK\$11.6 million), while a net loss of HK\$1.0 million was recorded for the six months ended 30 September 2020, indicating a turnaround during the second half of the Year. An earnings before interest, tax, depreciation and amortisation increased markedly to HK\$35.2 million (2020: HK\$2.5 million).

Basic earnings per share was HK2.10 cents (2020: basic loss of HK1.45 cents per share). The Group has recommended the payment of a final dividend of HK0.63 cent (2020: Nil) per share.

### MARKET REVIEW

The Covid-19 pandemic is taking a toll on the whole world. Nevertheless, the regional as well as global stock markets stayed resilient during the Year and, in tandem with the low interest environment, laid a solid foundation for Hong Kong's property market. Local property developers have continued launching new residential units, and transactions in the second-hand property market have seen good progress in recovering from the beginning of the Year. Supported by the recent roll-out of vaccination programs, store traffic has seen a slight improvement, and consumer confidence has been gradually picking-up. Despite the high unemployment rate, local consumption sentiment, in particular regarding home furniture, regained momentum during the second half of the Year. On the other hand, customer demand for home furniture and related products became more sophisticated, as consumers spent more time at home due to public health concerns, which provided more market opportunities.

## BUSINESS REVIEW

The Group is a leading retailer of high quality home furniture mainly imported from Europe. The Company's shares have been listed (the "IPO") 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 2021, the Group operated 23 points-of-sale ("POS") in Hong Kong, covering 5 retail lines – "*Ulferts Signature*", "*Ulferts*", "*at • home*", "*Dormire*" and "*Ulfenbo*". "*Ulferts*" and "*Ulferts Signature*" are dedicated to elevating customers' home living standard with style and quality, and offers 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 for modern families. "*Dormire*", on the other hand, offers mattresses, pillows, sofas, and other ancillary items under the Group's self-owned brand "*Ulfenbo*", targeting the mass market. "*Ulfenbo*" products are also distributed through its retail networks including 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.

### *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.

“*Ulfenbo*” products mainly focus on mass market consumers who demand quality and affordable mattresses, pillows and other ancillary items to enhance their sleep experience. To facilitate the retailing of “*Ulfenbo*” products, the Group operates a number of “*Dormire*” specialty 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, Malerba, Gamma, Cornelio Cappellini, Kristalia, Tonelli and Domicil, 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 offers mattresses, pillows, sofas, sofabeds, beds, as well as other ancillary items under its self-owned label “*Ulfenbo*”. The Group provides different models of mattresses and pillows, in various sizes with varying supports and features, to meet diverse customer needs.

- ***Comprehensive Retail Sales Channel***

As at 31 March 2021, the Group had 23 POS in Hong Kong, with the number of outlets in each retail line as follows:

Retail Line	Number of POS
“ <i>Ulferts Signature</i> ”	1
“ <i>Ulferts</i> ”	4
“ <i>at • home</i> ”	5
“ <i>Dormire</i> ”, and “ <i>Ulfenbo</i> ” department store counters and pop-up stores	13
<b>Total</b>	<b>23</b>

“*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, “*Dormire*” specialty stores and “*Ulfenbo*” department store counters, pop-up stores and roadshows are situated in residential areas, to capitalise on the market potential.

During the Year, 1 “*at • home*” mega pop-up store was opened in Mongkok, and 3 “*Ulfenbo*” pop-up stores were opened in Shatin, Sheung Shui and Tuen Mun respectively, to further expand the market coverage.

- ***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” (“Quarterly Service Leader Award”) award for the periods April to June 2020 and July to September 2020, as well as the “2020 Quality Service Retailer of the Year – Furniture & Home Accessories Category”, while “*at • home*” received the Quarterly Service Leader Award for the period January to March 2021, in the Quality Service Programme (formerly known as “Mystery Shoppers 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 financial institutions.

## ***Wholesale Business***

The Group also operates a wholesale business spanning mattresses, sofabeds and sofas under its self-owned label “***Ulfenbo***”, through over 200 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 seven 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.

## ***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 design, through procuring custom-made furniture to final installation for corporate customers, as well as consultation and liaison services with furniture manufacturers.

## **PROSPECTS**

Looking ahead, the economies of countries across the world will continue to be hit hard by the pandemic, posing challenges for the macro-economic environment. However, China’s overall economy has been recovering rapidly, providing a solid back-up to the local economy. Though there are still a few sporadic local outbreaks, social activities have gradually returned to relatively normal, providing favourable conditions for the retail market. Many industry leaders have expressed hopes that mass vaccine inoculation will speed up the resumption of travel and revival of the economy. It is generally believed that both retail and property markets will then exhibit an even more obvious recovery in momentum. The Group therefore remains cautiously optimistic about the future retail market.

Consumers are increasingly using online platforms to make purchases during the pandemic. In response, the Group continues enhancing its online sales platforms, and showcases and promotes its furniture products on mobile apps or by social media engagements. Meanwhile, the Group will also continue enhancing its sales network and strengthening its market presence. As the macro environment remains uncertain in the near term, the Group will closely monitor the market situation, and make adjustments in response to changes, and strive to achieve sustainable growth in the long term.

## 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 increased to HK\$93.7 million (2020: HK\$63.7 million) as at 31 March 2021, which were mainly denominated in Hong Kong dollars. As at 31 March 2021, bank borrowings of the Group was nil (2020: nil), hence its gearing ratio was zero (2020: zero). The Group has available banking facilities of approximately HK\$97.0 million. The cash position and banking facilities available enable the Group to retain high flexibility and endurance to cater for future development and market uncertainty.

As at 31 March 2021, the Group's current assets and current liabilities were approximately HK\$162.7 million (2020: HK\$118.0 million) and HK\$83.2 million (2020: HK\$84.4 million), respectively. Current ratio and quick ratio of the Group were 2.0 (2020: 1.4) and 1.4 (2020: 1.0), respectively.

In view of the Group's financial position as at 31 March 2021, the Board considered that the Group had sufficient working capital for its operations and future development plans against market challenges.

### *Use of Proceeds*

During the IPO in January 2018, the net proceeds from the listing were approximately HK\$92.6 million. An analysis of the utilisation of the net proceeds up to 31 March 2021 is set out below:

	Allocation of use of net proceeds (HK\$ million)	Actual use of net proceeds up to 31 March 2021 (HK\$ million)
Capital expenditure, rental deposits and overhead expenses		
for opening of “ <i>at • home</i> ” retail stores	34.2	34.2
Strengthening the Group's product portfolio	24.2	24.2
Enhancing “ <i>Ulfenbo</i> ” sales channels and brand awareness	10.3	10.3
Capital expenditure and rental deposits for opening of “ <i>Ulferts</i> ” retail store	9.1	9.1
Upgrading information technology	5.7	0.6
General working capital	9.1	9.1
<b>Total</b>	<b>92.6</b>	<b>87.5</b>



## EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2021, the Group's number of employees was 138 (2020: 125). Total staff costs including Director's remuneration and the other staff costs for the Year were HK\$45.0 million (2020: HK\$41.9 million). Each employee's remuneration was determined in accordance with individual's responsibilities, competence and skills, experience and performance as well as market pay levels. Staff benefits include medical and life insurance, retirement benefits 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 is pleased to recommend the payment of a final dividend of HK0.63 cent (2020: Nil) per share ("Final Dividend") for the Year, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company ("AGM") to be held on 10 August 2021 (Tuesday). If being approved, the Final Dividend will be paid on 3 September 2021 (Friday) to shareholders whose names appear on the register of members of the Company on 20 August 2021 (Friday).

## 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 4 August 2021 (Wednesday)
AGM	10 August 2021 (Tuesday)

### For ascertaining shareholders' entitlement to the proposed Final Dividend

Latest time to lodge transfers	4:30 p.m. on 18 August 2021 (Wednesday)
Book close dates	19 August 2021 (Thursday) to 20 August 2021 (Friday) (both days inclusive)
Record date	20 August 2021 (Friday)
Final Dividend payment	3 September 2021 (Friday)

In order to qualify for the right to attend and vote at the AGM and for the entitlement to the proposed Final Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration before the above respective latest time.



The consolidated results of the Group for the year together with the comparative figures for the year 2020 are set out below.

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

*For the year ended 31 March 2021*

	Notes	2021 HK\$'000	2020 HK\$'000
<b>REVENUE</b>	4	<b>234,504</b>	218,853
Cost of sales		<u>(81,613)</u>	<u>(84,485)</u>
Gross profit		<b>152,891</b>	134,368
Other income and gains	4	<b>9,654</b>	4,137
Selling and distribution expenses		<b>(117,312)</b>	(124,637)
General and administrative expenses		<b>(24,204)</b>	(25,042)
Finance cost		<u><b>(1,377)</b></u>	<u>(2,677)</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>	5	<b>19,652</b>	(13,851)
Income tax credit/(expense)	6	<u><b>(2,826)</b></u>	<u>2,223</u>
<b>PROFIT/(LOSS) FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>		<u><b>16,826</b></u>	<u>(11,628)</u>
Attributable to:			
Owners of the parent		<u><b>16,826</b></u>	<u>(11,628)</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>2.10</b></u>	<u>(1.45)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		6,269	18,343
Right-of-use assets		35,776	47,943
Prepayments, deposits and other receivables		3,598	10,387
Deferred tax assets		5,897	4,834
		<hr/>	<hr/>
Total non-current assets		51,540	81,507
<b>CURRENT ASSETS</b>			
Inventories		47,654	36,399
Trade receivables	9	3,261	3,440
Prepayments, deposits and other receivables		18,117	14,467
Cash and cash equivalents		93,688	63,670
		<hr/>	<hr/>
Total current assets		162,720	117,976
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	10	8,815	4,455
Other payables and accruals		38,200	34,417
Lease liabilities		25,289	40,007
Tax payable		5,082	1,118
Provisions		5,825	4,422
		<hr/>	<hr/>
Total current liabilities		83,211	84,419
<b>NET CURRENT ASSETS</b>			
		<hr/>	<hr/>
		79,509	33,557
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<hr/>	<hr/>
		131,049	115,064

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		11,684	12,440
Provisions		<u>3,733</u>	<u>3,818</u>
Total non-current liabilities		<u>15,417</u>	<u>16,258</u>
Net assets		<u><u>115,632</u></u>	<u><u>98,806</u></u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		110,337	110,337
Retained profits/(accumulated losses)		<u>5,295</u>	<u>(11,531)</u>
Total equity		<u><u>115,632</u></u>	<u><u>98,806</u></u>

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 except when otherwise indicated.

The financial information relating to the years ended 31 March 2021 and 2020 included in this preliminary announcement of annual results 2021 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 2020 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 2021 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 *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

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

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the “Conceptual Framework”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.
- (b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 April 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

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

- (d) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively. The amendments did not have any significant impact on the financial position and performance of the Group.
- (e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and 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 2021 and 2020 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 2021 and 2020 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from contracts with customers		
Retail of furniture	216,979	198,594
Wholesale of furniture	8,129	9,258
Special projects – project sales and consultancy service arrangements	9,396	11,001
	<u>234,504</u>	<u>218,853</u>

##### Revenue from contracts with customers

##### (i) Disaggregated revenue information

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Types of goods or services</b>		
Sale of goods	234,504	218,321
Consultancy service arrangements	–	532
	<u>234,504</u>	<u>218,853</u>
<b>Timing of revenue recognition</b>		
At a point in time	234,504	218,321
Services transferred over time	–	532
	<u>234,504</u>	<u>218,853</u>



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

##### (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 respective agreements.

##### *Consultancy service arrangements*

The performance obligation is generally satisfied over time as services are rendered and payment is generally due based on terms agreed by the relevant parties as set out in respective agreements.

An analysis of other income and gains is as follows:

	2021 HK\$'000	2020 HK\$'000
<b>Other income and gains</b>		
Other service income	1,347	1,305
Government subsidies	7,797	–
Provision for reinstatement costs – reversal of unutilised provisions/decrease in estimated provisions	–	219
Gain on lease modification	–	1,120
Bank interest income	272	930
Others	238	563
	<u>9,654</u>	<u>4,137</u>

## 5. PROFIT/(LOSS) BEFORE TAX

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Cost of inventories sold and services provided	84,340	82,111
Write-down/(reversal of write down) of inventories to net realisable value	<u>(2,727)</u>	<u>2,374</u>
Total amount recognised as cost of sales	<u>81,613</u>	<u>84,485</u>
Depreciation of property, plant and equipment	15,587	16,243
Depreciation of right-of-use assets	40,754	51,050
Loss on disposal/write-off of items of property, plant and equipment*	171	282
Lease payments not included in the measurement of lease liabilities	5,550	4,539
Impairment/(reversal of impairment) of trade receivables, net	<u>(38)</u>	<u>102</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% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	3,889	138
Underprovision in prior years	–	5
Deferred	<u>(1,063)</u>	<u>(2,366)</u>
Total tax charge/(credit) for the year	<u>2,826</u>	<u>(2,223)</u>

## 7. DIVIDEND

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Proposed final – HK0.63 cent (2020: Nil) per ordinary share	<u><u>5,040</u></u>	<u><u>–</u></u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

## 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 of HK\$16,826,000 (2020: loss of HK\$11,628,000) and the weighted average number of ordinary shares of 800,000,000 (2020: 800,000,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2021 and 2020.

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

	2021 <i>HK\$'000</i>	2020 <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><u>16,826</u></u>	<u><u>(11,628)</u></u>
	<b>Number of shares</b>	
	2021	2020
<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><u>800,000,000</u></u>	<u><u>800,000,000</u></u>

## 9. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	3,375	3,592
Impairment	(114)	(152)
	<u>3,261</u>	<u>3,440</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, project and consultancy service 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 and consultancy service 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.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 month	2,799	2,808
1 to 3 months	460	449
Over 3 months	2	183
	<u>3,261</u>	<u>3,440</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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 month	7,924	3,613
1 to 3 months	205	34
Over 3 months	686	808
	<u>8,815</u>	<u>4,455</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 the preliminary announcement have been agreed by the Group's auditors, Messrs. Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by Messrs. 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 Messrs. Ernst & Young on the preliminary announcement.

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

The Audit Committee of the Company, which comprises three independent non-executive Directors of the Company, had reviewed the consolidated financial statements for the Year in conjunction with the Group's auditors, 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 2021 and annual results for the Year.

## **CORPORATE GOVERNANCE**

### **Corporate Governance Code**

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

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

The Company had adopted its own code of conduct regarding securities transactions by Directors ("Ulferts Securities Code") on no less exacting terms than the required standards for securities dealings as set out in Appendix 10 of the Listing Rules regarding 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 had complied with the required standard of dealings as set out in the Model Code and 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 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, 8 June 2021

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