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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Ulferts International Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

(I) CONTINUING CONNECTED TRANSACTIONS – 2020 MASTER LEASING AGREEMENT

AND

(II) NOTICE OF ANNUAL GENERAL MEETING

**Independent Financial Adviser to
The Independent Board Committee and the Independent Shareholders**

ALTUS CAPITAL LIMITED

A letter from the Board is set out from pages 7 to 15 of this circular and a letter from the Independent Board Committee to the Independent Shareholders is set out on page 16 of this circular. A letter from Altus, the Independent Financial Advisor, containing its advice to the Independent Board Committee and Independent Shareholders in relation to the 2020 MLA and Aggregate Tenancy Annual Caps is set out from pages 17 to 31 of this circular.

A notice convening the AGM to be held at 2nd Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong on Tuesday, 10 August 2021 at 11:30 a.m. or any adjournment thereof is set out from pages AGM-1 to AGM-6 of this circular. Whether or not you intend to attend the AGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's Share Registrar, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, but in any event not less than 48 hours before the time of the AGM (i.e. by Sunday, 8 August 2021, before 11:30 a.m.) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof (as the case may be) should you subsequently so wish and in such event the form of proxy previously submitted shall be deemed to be revoked.

PRECAUTIONARY MEASURES FOR THE AGM

To safeguard the health and safety of Shareholders and to prevent the spreading of COVID-19, the following precautionary measures will be implemented at the AGM:

- (1) Compulsory temperature screening/checks**
- (2) Compulsory health declaration**
- (3) Compulsory wearing of surgical face mask – no mask will be provided at the AGM venue**
- (4) No refreshment or drinks will be served and no corporate gift will be distributed**
- (5) A designated seat will be assigned at the AGM venue**

Attendees who do not comply with the precautionary measures referred to in (1) to (3) above may be denied entry to the AGM venue, at the absolute discretion of the Company and to the extent permitted by law.

For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the AGM by appointing the Chairman of the AGM as their proxy and to return their forms of proxy by the time specified therein, instead of attending the AGM in person. Physical attendance at the AGM by a Shareholder is not necessary for the purpose of exercising voting rights.

Subject to the development of COVID-19, the Company may implement further procedures and precautionary measures at short notice and may issue further announcement as appropriate. Shareholders should check the Company's website for updates on the latest arrangement of the AGM.

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PRECAUTIONARY MEASURES FOR THE AGM

In light of the situation of COVID-19, the Company would like to advise the Shareholders on the following precautionary measures for the AGM:–

(A) BEFORE THE AGM

- (1) **Voting by proxy in advance of the AGM:** The Company does not in any way wish to diminish the opportunity available to Shareholders to exercise their rights and to vote, but is conscious of the pressing need to protect Shareholders from possible exposure to the COVID-19. For the health and safety of Shareholders, **the Company would like to encourage Shareholders to exercise their right to vote at the AGM by appointing the Chairman of the AGM as their proxy instead of attending the AGM in person.** Physical attendance is not necessary for the purpose of exercising Shareholder's rights. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the AGM or any adjournment thereof should they subsequently so wish.

The deadline to submit completed forms of proxy is Sunday, 8 August 2021 at 11:30 a.m. Completed forms of proxy must be returned to the Share Registrar of the Company, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. The form of proxy can be downloaded from the websites of the Company (<https://www.ulfertsintl.com>) or the Stock Exchange (<https://www.hkexnews.hk>).

- (2) **Appointment of proxy by non-registered Shareholders:** Non-registered Shareholders whose Shares are held through banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited should consult directly with their banks or brokers or custodians (as the case may be) to assist them in the appointment of proxy.
- (3) **Limiting attendance in person at the AGM venue:** The Company will limit attendance in person at the AGM venue subject to strict compliance of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation at any one time in the AGM venue. The Board reserves the right to change the maximum attendance number at any time depending on the public health situation at the time of the AGM and the guidance of the HKSAR Government.

Shareholders who wish to attend the AGM in person or by proxy (whether or not the relevant forms of proxy have been completed and submitted) must register their intention and provide the following details by email to cosec@emperorgroup.com or alternatively in person to 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong from Thursday, 5 August 2021 to Friday, 6 August 2021 during business hours from 9:00 a.m. to 6:00 p.m.:

1. full name (as shown on Hong Kong Identity Card or passport);
2. contact phone number; and
3. email address.

The application for the admission of the AGM venue in person will be allocated on a first-come first-served basis. Duplicated registrations will be disregarded. Registered Shareholders will be notified by email and by phone (if reachable) on Monday, 9 August 2021 if such right of admission will be allocated. No notification will be sent to those Shareholders who are not successful to obtain the right of admission to the AGM venue in person.

PRECAUTIONARY MEASURES FOR THE AGM

- (4) **Questions at or prior to the AGM:** The AGM proceedings will be conducted with a view to focusing on the proposed resolutions as set out in the Notice of AGM. Shareholders are advised to contact the Company by email at ir1711@emperorgroup.com if they have any question about the relevant resolutions or about the Company, or any matter for communication with the Board, as early as possible before the AGM date. The Company will endeavour to reply as soon as practicable.

(B) AT THE AGM

- (1) Compulsory temperature screening/checks will be carried out on every attendee before entry to the AGM venue. Any person with a body temperature above the reference range quoted by the Department of Health from time to time, or is exhibiting flu-like symptoms or subject to any HKSAR Government prescribed quarantine in relation to COVID-19 may be denied entry into the AGM venue and be requested to leave the AGM venue, at the absolute discretion of the Company and to the extent permitted by law.
- (2) Every attendee will be required to submit a completed and signed health declaration form (“**Form**”) prior to being admitted to the AGM venue. Please bring along the completed Form to the AGM venue to ensure smooth registration and certification processing. The Form can be downloaded from the website of the Company (<https://www.ulfertsintl.com>).
- (3) Every attendee will be required to wear a surgical face mask throughout the AGM (including queuing for registration). Please note that no masks will be provided at the AGM venue and attendees should wear their own masks.
- (4) Every attendee will be assigned a seat in order to ensure appropriate social distancing and facilitate close contact tracing. Staff at the AGM venue will also assist in crowd control and queue management to ensure appropriate social distancing.
- (5) No refreshments, drinks or corporate gift will be served or distributed to attendees at the AGM venue.
- (6) Physical attendance by the Directors at the AGM venue will also be limited. Directors who will not be attending the AGM in person will participate through electronic means.

In addition, attendees are requested to observe and practise good personal hygiene at all times at the AGM venue. To the extent permitted by law, the Company reserves the right to deny entry into the AGM venue or require any person to leave the AGM venue so as to ensure the health and safety of the attendees at the AGM.

Due to the constantly evolving COVID-19 situation in Hong Kong, the Company may be required to change the AGM arrangements with short notice. Shareholders should check the website of the Company (<https://www.ulfertsintl.com>) for future announcements and updates on the AGM arrangements.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“2018 MLA”	the master leasing agreement dated 24 May 2018 entered into between the Company and Emperor International
“2020 MLA”	the master leasing agreement dated 3 December 2020 entered into between the Company and Emperor International
“Aggregate Right-of-Use Annual Cap”	for the purpose of Chapter 14A of the Listing Rules and pursuant to HKFRS 16, the annual caps for Fixed Lease Payments which are determined with reference to the annual maximum amount of the total value of right-of-use asset in respect of Tenancy Transactions to be or expected to be entered into for each of the respective periods during the term under the 2020 MLA
“Aggregate Rental Expense Annual Cap”	for the purpose of Chapter 14A of the Listing Rules and pursuant to HKFRS 16, the annual caps for Variable Lease Payments and other short-term lease payments recognised as expenses incurred by the Group which are determined with reference to the annual maximum amount of Variable Lease Payments and other short term lease payments to be or expected to be payable by the Group in respect of Tenancy Transactions for each of the respective period(s) during the term under the 2020 MLA
“Aggregate Tenancy Annual Caps”	Aggregate Right-of-Use Annual Cap and Aggregate Rental Expense Annual Cap
“AGM”	an annual general meeting (or an adjournment thereof) of the Company to be held at 2nd Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong on Tuesday, 10 August 2021 at 11:30 a.m. to consider and, if think fit, among other things, approve the Aggregate Tenancy Annual Caps
“Announcement”	the announcement of the Company dated 8 June 2021 in relation to the 2020 MLA
“associates”	has the same meaning as ascribed thereto in the Listing Rules
“Board” or “Directors”	the board of directors of the Company

DEFINITIONS

“close associate”	has the same meaning as ascribed thereto in the Listing Rules
“Company”	Ulferts International Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Definitive Leasing Agreement(s)”	definitive agreement(s) which has/have been entered and may be entered into between any member(s) of the Group and any members of Emperor International Group from time to time in relation to any of the Tenancy Transactions (setting out the terms of the tenancy, including the parties, detailed description of the properties, usage, duration, rental and specific terms such as rent free period, early termination, deposits, fees and charges) subsisting as at the date hereof and at any time during the respective terms of the 2018 MLA and 2020 MLA
“Dr. Albert Yeung”	Dr. Yeung Sau Shing, Albert, a deemed substantial Shareholder of the Company
“Emperor International”	Emperor International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the subsidiaries of which are principally engaged in property investments and property development in the Greater China and overseas and whose issued shares are listed on the Main Board of the Stock Exchange (Stock Code: 163)
“Emperor International Group”	Emperor International and its subsidiaries from time to time
“2018 MLA Tenancy Annual Caps”	the previously obtained annual caps of the transactions contemplated under the 2018 MLA for each of the three financial years ended 31 March 2019, 2020 and 2021
“Fixed Lease Payments”	fixed amount of periodic rental/licence fees paid or payable to Emperor International Group by the Group under the Definitive Leasing Agreement
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars

DEFINITIONS

“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountant
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the board of the Directors, comprising all of the independent non-executive Directors, established to advise the Independent Shareholders in respect of the Aggregate Tenancy Annual Caps and the transactions contemplated under the 2020 MLA
“Independent Financial Adviser” or “Altus”	Altus Capital Limited, a corporation licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders with regard to the terms of the 2020 MLA, the transactions contemplated thereunder and the Aggregate Tenancy Annual Caps and the voting actions therefor
“Independent Shareholders”	Shareholders who do not have material interests in the transactions contemplated under the 2020 MLA
“Latest Practicable Date”	30 June 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the laws of Hong Kong)
“sq. ft.”	square feet

DEFINITIONS

“Tenancy Transaction(s)”	all existing and future tenancy/licence transaction(s) between members of the Group as tenants and Emperor International Group as landlords regarding the leasing of properties as contemplated under the 2018 MLA or 2020 MLA (as the case may be) and the Definitive Leasing Agreements
“Variable Lease Payments”	variable amount of payments linked to revenue generated from the leased properties paid or payable to Emperor International Group by the Group under the Definitive Leasing Agreements
“%”	per cent

LETTER FROM THE BOARD



歐化國際有限公司 Ulferts International Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1711)

Executive Directors:

Mr. Wong Chi Fai

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

Registered Office:

Unit 1905-07, 19th Floor

Emperor Group Centre

288 Hennessey Road

Wanchai

Hong Kong

6 July 2021

To the Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS – 2020 MASTER LEASING AGREEMENT

INTRODUCTION

Reference is made to the Announcement whereby the Board announced that the Company entered into 2020 MLA with Emperor International which sets out a framework of the terms governing the Tenancy Transactions between the Group and Emperor International Group.

The purpose of this circular is to provide you with (i) further information on the 2020 MLA; (ii) a letter from the Independent Board Committee in respect of the 2020 MLA; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the 2020 MLA; (iv) other information as required under the Listing Rules; and (v) a notice convening the AGM to be convened for the purpose of considering and, if think fit, approving the Aggregate Tenancy Annual Caps.

LETTER FROM THE BOARD

2020 MLA

The Group has been continuously leasing properties (including offices or retail shops) from Emperor International Group. In light of the expiring of the 2018 MLA, the Company and Emperor International entered into the 2020 MLA on 3 December 2020 for a successive term of 3 years from 1 April 2021 to regulate the Tenancy Transactions.

The 2020 MLA only sets out a general framework of the terms governing the Tenancy Transactions between the Group and Emperor International Group. Due to the outbreak of COVID-19 and the uncertainty of the business sentiment in Hong Kong during the past months, the Group preferred short term tenancy in view of the fluctuated market condition whereas most of the landlords of the premises, including Emperor International Group, also preferred short term tenancy in the same view. As a result, at the time of signing the 2020 MLA, no indicative term for the long term tenancy could be determined and the Directors were not able to estimate meaningful annual caps for right-of-use assets at the time of signing the 2020 MLA. Notwithstanding that, after expiry of the 2018 MLA on 31 March 2021, the Company has been discussing with Emperor International Group regarding the terms of tenancies, rental rates, terms for renewals and potential new openings. Until recently, with a relatively stable market condition and a positive outlook of the economy as compared with the time of signing the 2020 MLA, the Group has made a progress on the discussion with Emperor International Group. The Directors are able to estimate the indicative terms for the renewal of the existing Tenancy Transactions and outline the framework of the relevant terms for the new Tenancy Transactions such that it is possible to propose the Aggregate Tenancy Annual Caps. The Directors resolved to propose the Aggregate Tenancy Annual Caps and so the Company published the Announcement expediently on 8 June 2021.

During the period from 1 April 2021 to the date of the Announcement, the Group has entered into a tenancy agreement with Emperor International Group on 1 April 2021 to lease the office at Emperor Group Centre for a term of 2 years with the rights-of-use asset value of HK\$2,998,506.60. As all of the applicable percentage ratios (as defined in the Listing Rules) in respect of the aggregate value of the right-of-use under the tenancy agreement are less than 5% and the total consideration is less than HK\$3,000,000, the transaction is fully exempted from disclosure requirement under Rule 14A.76(1)(c) of the Listing Rules.

Term

1 April 2021 – 31 March 2024. Subject to compliance with the then relevant requirements of the Listing Rules, or any waiver obtained from strict compliance with such requirements, upon expiration of the initial term or subsequent renewal term, the 2020 MLA shall be automatically renewed for a successive period of 3 years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier in accordance with the 2020 MLA.

LETTER FROM THE BOARD

Key terms and conditions

The 2020 MLA mainly serves to amend certain definitive terms in light of the changes in the Listing Rules and to state the new term of 3 years from 1 April 2021.

Relevant members of the Group and relevant members of Emperor International Group may from time to time enter into Definitive Leasing Agreement(s) in relation to any Tenancy Transaction upon, and subject to, the terms and conditions in compliance with the 2020 MLA, provides that:

- (a) all the Tenancy Transactions have been and shall be conducted in the usual and ordinary course of business of both the Group and Emperor International Group and are in the interest of their respective shareholders as a whole;
- (b) the terms of each Definitive Leasing Agreement have been and shall be on normal commercial terms or on terms which are no less favourable to the Group than terms offered by Independent Third Parties;
- (c) the terms of the Tenancy Transactions have been and shall be arrived at after arm's length negotiation and the amount of rental thereunder the respective Definitive Leasing Agreements shall be determined based on the condition of the properties and with reference to the then prevailing market rents on premises comparable in location, area and permitted use;
- (d) all the Tenancy Transactions have been and shall be concluded in compliance with all applicable provisions of the Listing Rules, the applicable laws, 2020 MLA and relevant Definitive Leasing Agreements; and
- (e) the Group has/shall have the option to consider third party landlords and premises other than the properties of Emperor International Group.

Historical transactions amounts

Set out below are the historical amounts of rental/licence fee paid under the Tenancy Transactions between the Group and Emperor International Group:

	For the year ended 31 March		
	2019	2020	2021
	<i>HK\$'000</i>	<i>HK'000</i>	<i>HK'000</i>
Historical Tenancy Transaction amount	7,078	8,312	7,198

The 2018 MLA Tenancy Annual Caps under the 2018 MLA are HK\$9.8 million for each of the 3 years ended 31 March 2019, 2020 and 2021.

LETTER FROM THE BOARD

Aggregate Tenancy Annual Caps

According to HKFRS 16 Leases which was adopted by the Group effective from 1 April 2019, the Group is required to recognise a right-of-use asset and a lease liability, which are measured at the present value of the Fixed Lease Payments, discounted using the lessee's incremental borrowing rate in the year of entering into the lease where the relevant member(s) of the Group acts as a lessee. Incremental borrowing rate is determined at 2.4% with reference to the prevailing interest rate of the Group's external borrowing in estimating the value of the rights-of-use assets relating to the leases under the 2020 MLA. Correspondingly, the Company is required to set annual caps for the maximum amount of the total value of right-of-use assets relating to leases to be or expected to be entered into by the relevant member(s) of the Group as a lessee for each of the respective period(s) in each year under the 2020 MLA.

In addition, according to HKFRS 16, the Variable Lease Payments under Tenancy Transactions will be recognised as expenses incurred by the Group. The Company will set the annual caps for Variable Lease Payments and other short-term lease payments recognised as expenses which are determined with reference to the estimated annual maximum amount of the Variable Lease Payments and other short-term lease payments payable by the Group in respect of Tenancy Transactions for each of the respective period(s) in each year under the 2020 MLA.

Set out below are the proposed Aggregate Tenancy Annual Caps under the 2020 MLA for each of respective periods:

	For the year ending 31 March		
	2022	2023	2024
	HK\$'000	HK'000	HK'000
Aggregate Right-of-Use Annual Cap	20,000	22,000	32,000
Aggregate Rental Expense Annual Cap	6,000	6,000	6,000

Aggregate Tenancy Annual Caps represent the estimated respective maximum value of (i) the right-of-use assets relating to leases to be or expected to be entered into by the Group in the respective period(s) of the term under the 2020 MLA; and (ii) the Variable Lease Payments and other short-term lease payments payable by the Group in respect of Tenancy Transactions in the respective period(s) of the term under the 2020 MLA.

LETTER FROM THE BOARD

Taken into account (i) the renewal of the existing Tenancy Transactions; (ii) the Company's plan to expand its sales network of two retail lines of the Group – “*at • home*” and “*Ulfenbo*” by leasing seven additional stores, possibly from Emperor International Group, during the financial year ending 31 March 2022 to 31 March 2024; and (iii) the estimated rents of the properties with reference to the prevailing market rents, the Company generally assumes, as prudent measures, approximately 10% to 15% increases and approximately HK\$22.0 million, HK\$2.0 million and HK\$34.0 million of the Aggregate Tenancy Annual Caps are attributable to the renewal of the existing Tenancy Transactions for the years ending 31 March 2022, 2023 and 2024 respectively; whereas approximately HK\$4.0 million, HK\$ 26.0 million and HK\$4.0 million of the Aggregate Tenancy Annual Caps are attributable to the new Tenancy Transactions for the years ending 31 March 2022, 2023 and 2024 respectively. As disclosed in the annual reports and results announcement of the Company, the Group had opened six, five and four new stores for the year ended 31 March 2019, 2020 and 2021 respectively despite of the tough market conditions in Hong Kong due to social unrest and the outbreak of COVID-19. The Company believed that both property and retail markets will regain momentum when COVID-19 situation is contained and the Company will, including but not limited to, open new stores to stay competitive in the marketplace and ensure it reaps the greatest potential once market momentum revives. Given the latest economic development, the Company is planning to open more new stores during the year ending 31 March 2023, subject to the then market condition. Therefore, the Aggregate Tenancy Annual Caps attributable to new Tenancy Transactions for the year ending 31 March 2023 is comparatively higher. Considering the above and the expected rebound in Hong Kong's economy when the COVID-19 subsides, the Board is of the view that the proposed Aggregate Tenancy Annual Caps are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

The Aggregate Right-of-Use Annual Cap (i.e. aggregates all Tenancy Transactions to be or expected to be entered with Emperor International Group and the right-of-use assets to be recognised regardless of their location and usage) and the Aggregate Rental Expense Annual Cap (i.e. aggregates all short term Tenancy Transactions entered/to be or expected to be entered with Emperor International Group and the Variable Lease Payments to be paid by the Group regardless of their location and usage) have been determined after taking into account:

- (i) the historical transaction amounts of rental, management fee (if any) and charges paid by the Group to Emperor International Group under all Tenancy Transactions;
- (ii) the number of existing Tenancy Transactions:

As at the Latest Practicable Date, members of the Group are leasing properties from Emperor International Group in the following areas in Hong Kong:

Location

- (1) Emperor Group Centre, No. 288 Hennessy Road, Wanchai, Hong Kong
- (2) Fitfort, 560 King's Road, North Point, Hong Kong
- (3) Wei King Building, 275 Chatham Road North, Hung Hom, Kowloon, Hong Kong

LETTER FROM THE BOARD

There are 3 existing tenancy/lease/licence agreements entered into between members of the Group and members of Emperor International Group. The earliest expiry date of the leases is in June 2021 and the latest one is in April 2023. The monthly rental ranges from HK\$26,000 to HK\$576,000 and the gross floor area ranges from 856 to 21,070 sq. ft. The duration of the leases are usually 1 to 3 years.

- (iii) assuming all the above tenancies will be renewed upon expiry and taking into account the possible oncoming adjustment in rental rates;
- (iv) the business development and expansion of the Group and the possibility of entering into new Tenancy Transactions with Emperor International Group under the 2020 MLA in the forthcoming years;
- (v) the location and usage of the properties of the existing portfolio of Emperor International Group and potential acquisition of properties by Emperor International Group which can be available for leasing to the members of the Group in the future; and
- (vi) the prevailing market rents of the properties as compared with similar properties in the vicinity.

CONTROL PROCEDURES TO ASSESS TENANCY TRANSACTIONS

The Group will follow a series of procedures in selecting the premises and determining the rentals and terms of the tenancies. When the management of the Group is about to renew existing tenancy or open a new retail shop which requires new premises, the operation team of the Group will conduct site visits and source available properties in selected location. The Group will then collect rental quotations of not less than three shortlisted properties from different landlords if there are such number of available properties in selected location. Furthermore, the Group will further assess the rental and obtain comparable information for the determination of terms of tenancy. In the event of the number of shortlisted properties in the selected location is less than three, the Company will assess the fairness and reasonableness of the rental with reference to the comparable information of similar properties in the vicinity such as rental rate per sq. ft. and location, which may include those did not fall into the selection criteria of the Group or did not available to the Group. Should there be no comparable information obtained, the Company will engage independent properties appraiser to prepare valuation reports. The Group may engage independent property appraiser to prepare valuation reports; conduct internal research to assess the valuation; and/or assess the valuation with reference to previous tenancy agreements for renewal cases. After the operation team gathers and analyses the aforesaid information of the proposed tenancy, management will review and approve the tenancy. With such internal approval, the Definitive Leasing Agreement(s) will be entered into between relevant parties.

LETTER FROM THE BOARD

The Directors consider that adequate procedures have been in place to ensure the Definitive Leasing Agreements are to be entered into under normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

Should there be any future Definitive Leasing Agreement with lease term exceeding three years and subject to announcement/circular and/or shareholders' approval requirements according to applicable percentage ratios (as defined in the Listing Rules), the Company will, when entering into such Definitive Leasing Agreement, (a) in compliance with Rule 14A.52 of the Listing Rules, appoint an independent financial adviser to explain why such agreement requires a longer period of lease term and to confirm that it is normal business practice for agreement of this type to be of such duration; and (b) publish announcement(s) to disclose the opinion of the independent financial adviser according to the Listing Rules.

The Company will monitor the utilisation of the proposed Aggregate Tenancy Annual Caps to ensure that such caps would not be exceeded. In particular, the Company has implemented a set of internal control policies such as obtaining an internal approval for each Tenancy Transaction by assessing, among others, the amount attributable to and the remaining balance of the Aggregate Tenancy Annual Caps. The Company's auditors and independent non-executive Directors will review the tenancy transactions annually in accordance with Rule 14A.55 and Rule 14A.56 of the Listing Rules respectively.

REASONS FOR AND BENEFITS FOR 2020 MLA

The Company is an investment holding company and its subsidiaries are principally engaged in retailing of imported furniture in Hong Kong.

The Group currently leases properties from Emperor International Group and shall continue to lease the properties in the future. The 2020 MLA will continue to govern the Tenancy Transactions between the Group and Emperor International Group, and also serve to streamline the relevant process of reporting, announcement and Shareholders' approval, if necessary, whenever there is new tenancy or renewal of the Tenancy Transactions between the Group and Emperor International Group. Besides, the obtaining of the Aggregate Tenancy Annual Caps will help reduce the relevant administrative burden and costs on the Company in complying with the requirements under the Listing Rules. The Definitive Leasing Agreements will be agreed on an arm's length basis, on normal commercial terms or on terms no less favourable to the Group than those terms offered by Independent Third Parties as landlords.

The Directors (including the independent non-executive Directors after considering the opinion of the Independent Financial Adviser) consider that the 2020 MLA has been conducted in the ordinary and usual course of business of the Group and negotiated on an arm's length basis, on normal commercial terms, fair and reasonable, and in the interests of the Group and the Shareholders as a whole, and that the Aggregate Tenancy Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Company and Emperor International are indirectly controlled by the respective private discretionary trusts which were both set up by Dr. Albert Yeung who is the deemed substantial Shareholder. As such, under Chapter 14A of the Listing Rules, Emperor International is a deemed connected person of the Company and accordingly, the transactions contemplated under the 2020 MLA constitute continuing connected transactions of the Company.

Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa, being the executive Directors, did abstain from voting on the relevant Board resolution(s) of the Company as they also take up a management role in Emperor International.

Save for aforesaid, no other Director has a material interest or conflict of role in the transaction had abstained from voting.

As the highest applicable percentage ratios (as defined in the Listing Rules) calculated with reference to the Aggregate Tenancy Annual Caps are more than 5% and exceed HK\$10,000,000, the Aggregate Tenancy Annual Caps are subject to the announcement, reporting and annual review requirements and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISOR

The Company has established an Independent Board Committee comprising Ms. Chan Yee Man, Mr. Chiu Kin Fai and Mr. Ng Hoi Yue (all of whom are independent non-executive Directors) to advise the Independent Shareholders as to (i) whether the terms of the 2020 MLA and the Aggregate Tenancy Annual Caps are fair and reasonable; (ii) whether the transactions are on normal commercial terms or better and in the ordinary and usual course of business of the Group; (iii) whether the transactions are in the interests of the Company and the Shareholders as a whole; and (iv) how to vote on the proposed ordinary resolution regarding the 2020 MLA ("**Resolution**"). Altus has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

AGM

A notice convening the AGM to be held at 2nd Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong on Tuesday, 10 August 2021 at 11:30 a.m. is set out from pages AGM-1 to AGM-6 of this circular. The Resolution will be proposed at the AGM for the Independent Shareholders to approve the relevant transaction.

As at the Latest Practicable Date, the Company and Emperor International are indirectly controlled by the respective private discretionary trusts which were both set up by Dr. Albert Yeung who is the deemed substantial Shareholder. Accordingly, Dr. Albert Yeung and his associates will abstain from voting on the Resolution. In compliance with the Listing Rules, the Resolution will be voted by way of poll and the results of the AGM will be published after the AGM.

LETTER FROM THE BOARD

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you intend to attend and vote at the AGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Share Registrar, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, but in any event not less than 48 hours before the time of the AGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting (as the case may be) should you subsequently so wish and in such event, the form of proxy previously submitted shall be deemed to be revoked.

In accordance with Rule 13.39(4) of the Listing Rules, all votes of the Independent Shareholders at the AGM shall be taken by poll.

In order to qualify for the right to attend and vote at the above meeting, all relevant share certificates and properly completed transfer forms must be lodged for registration with the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on Wednesday, 4 August 2021.

RECOMMENDATION

The Board is of the view that the terms of the 2020 MLA, the transactions contemplated thereunder and the Aggregate Tenancy Annual Caps have been negotiated on an arm's length basis, on normal commercial terms, fair and reasonable, and in the interests of the Group and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the Resolution to be proposed at the AGM. Before deciding how to vote on the Resolution at the AGM, you are advised to read (i) the Letter from the Independent Board Committee on page 16 of this circular; and (ii) the Letter from Altus from pages 17 to 31 of this circular which contains its advice to the Independent Board Committee and Independent Shareholders in relation to the 2020 MLA and the Aggregate Tenancy Annual Caps as well as the principal factors and reasons considered by it in arriving its opinions.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation from Independent Board Committee to Independent Shareholders in relation to the 2020 MLA and the Aggregate Tenancy Annual Caps for the purpose of incorporation in this circular.



歐化國際有限公司 Ulferts International Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1711)

6 July 2021

To the Independent Shareholders of Ulferts International Limited

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS – 2020 MASTER LEASING AGREEMENT

We refer to the circular of the Company to the Shareholders dated 6 July 2021 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings as those defined in the Circular.

We, Independent Board Committee, have been appointed by the Board to advise you on the terms of the 2020 MLA and the Aggregate Tenancy Annual Caps. Altus has been appointed to advise you and the independent board committee in this regard. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving its advice, are set out from pages 17 to 31 of the Circular. Your attention is also drawn to the “**Letter from the Board**” and the “**Letter from Altus**” in the Circular and the additional information set out in the Appendix thereto.

Having considered the advice given by Altus, in particular the principal factors, reasons and recommendation as set out in its letter, we consider that (i) the 2020 MLA is in ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole; and (ii) the terms and conditions of the 2020 MLA are on normal commercial terms whilst the Aggregate Tenancy Annual Caps are fair and reasonable so far as the Company and Independent Shareholders are concerned. Accordingly, we recommend you to vote in favour of the relevant ordinary resolution to be proposed at the AGM to approve the Aggregate Tenancy Annual Caps.

Yours faithfully,

For and on behalf of the
Independent Board Committee
Ulferts International Limited

Chan Yee Man

Chiu Kin Fai

Ng Hoi Yue

Independent Non-executive Directors

LETTER FROM ALTUS

The following is the text of a letter of advice from Altus to the Independent Board Committee and the Independent Shareholders in respect of the 2020 MLA and the respective proposed caps of the transactions thereunder, which has been prepared for the purpose of incorporation in the Circular.

ALTUS.

Altus Capital Limited
21 Wing Wo Street
Central, Hong Kong

6 July 2021

To the Independent Board Committee and the Independent Shareholders

Ulferts International Limited

Units 1905-07, 19th Floor
Emperor Group Centre
288 Hennessy Road
Wanchai, Hong Kong

Dear Sirs and Madam,

CONTINUING CONNECTED TRANSACTIONS – 2020 MASTER LEASING AGREEMENT

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the 2020 MLA, the transactions contemplated thereunder and the Aggregate Tenancy Annual Caps. Details of the 2020 MLA are set out in the “Letter from the Board” contained in the circular dated 6 July 2021 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the announcement of the Company dated 8 June 2021. The Group has been continuously leasing properties (including offices or retail shops) from Emperor International Group. In light of the expiry of the 2018 MLA, the Company entered into the 2020 MLA with Emperor International on 3 December 2020 to regulate arrangements for the Tenancy Transactions for a successive term of three years from 1 April 2021.

LETTER FROM ALTUS

As at the Latest Practicable Date, the Company and Emperor International are indirectly controlled by the respective private discretionary trusts which were both set up by Dr. Albert Yeung who is the deemed substantial Shareholder. As such, under Chapter 14A of the Listing Rules, Emperor International is a deemed connected person of the Company and accordingly, the transactions contemplated under the 2020 MLA constitutes continuing connected transactions of the Company.

As the highest applicable percentage ratios (as defined in the Listing Rules) calculated with reference to the Aggregate Tenancy Annual Caps are more than 5% and exceed HK\$10,000,000, the Aggregate Tenancy Annual Caps are subject to the announcement, circular, reporting and annual review requirements and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa, being the executive Directors, did abstain from voting on the relevant Board resolution(s) of the Company as they also take up a management role in Emperor International.

Save for aforesaid, no other Director has a material interest or conflict of role in the transaction had abstained from voting.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors namely Ms. Chan Yee Man, Mr. Chiu Kin Fai and Mr. Ng Hoi Yue, has been established to advise the Independent Shareholders as to (i) whether the terms of the 2020 MLA and Aggregate Tenancy Annual Caps are fair and reasonable; (ii) whether the transactions contemplated under the 2020 MLA are on normal commercial terms or better and in the ordinary and usual course of business of the Group; (iii) whether the transactions are in the interests of the Company and the Shareholders as a whole; and (iv) how the Independent Shareholders should vote in respect of the proposed resolution at the AGM to approve the Aggregate Tenancy Annual Caps under the 2020 MLA.

THE INDEPENDENT FINANCIAL ADVISER

As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the 2020 MLA and Aggregate Tenancy Annual Caps are fair and reasonable; (ii) whether the transactions contemplated under the 2020 MLA are on normal commercial terms or better and in the ordinary and usual course of business of the Group; (iii) whether the transactions are in the interests of the Company and the Shareholders as a whole; and (iv) how the Independent Shareholders should vote in respect of the proposed resolution at the AGM to approve the Aggregate Tenancy Annual Caps under the 2020 MLA.

LETTER FROM ALTUS

We have no relationships with, nor interests in, the Company or any other parties that could reasonably be regarded as relevant to our independence when acting as the independent financial adviser of the Company. We have not acted as an independent financial adviser or financial adviser for the Company's other transactions in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the 2020 MLA and the Aggregate Tenancy Annual Caps is at market level and not conditional upon successful passing of the resolution to be proposed at the AGM, and that our engagement is on normal commercial terms, we are independent of the Company.

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others (i) the 2020 MLA; (ii) the 2018 MLA; (iii) the announcement of the Company dated 8 June 2021 in relation to the 2020 MLA; (iv) the announcement of the Company dated 27 June 2018 in relation to the 2018 MLA; (v) annual results announcement of the Company for the year ended 31 March 2021 (“**FY2021**”); (vi) the annual report of the Company for the year ended 31 March 2020 (“**FY2020**”); and (vii) other information as set out in the Circular.

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Group (the “**Management**”). We have assumed that all the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and will continue to be so up to the Latest Practicable Date. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular misleading.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading.

We consider that we have been provided with, and have reviewed, sufficient information to reach an informed view and provide a reasonable basis for our opinion. We have not, however, conducted an independent investigation into the business, financial conditions and affairs or future prospects of the Group. The Company will notify the Shareholders should there be any material change after the Latest Practicable Date and after the despatch of the Circular.

LETTER FROM ALTUS

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have considered the principal factors and reasons set out below:

1. Background information

1.1. The Company

The Company is an investment holding company and the Group is principally engaged in retailing of imported furniture in Hong Kong. As at 31 March 2021, the Group operated 23 points-of-sale in Hong Kong.

1.2. Emperor International

Emperor International is an investment holding company and its subsidiaries are principally engaged in property investment and property development, owning properties with a total area of over six million square feet in Hong Kong, Macau, the PRC and overseas.

2. Reasons for and benefits of the entering into of the 2020 MLA

The Group has been continuing leasing properties from the Emperor International Group for business operations. According to the 2021 interim report of Emperor International, the Emperor International Group has an investment properties portfolio in Hong Kong primarily focusing on commercial buildings and quality street-level retail spaces at prominent locations with an aggregate gross floor area of over 4.6 million square feet. Given that Emperor International owns an extensive portfolio of commercial and retail properties which are the two major types of properties required for the Group's business operations, it is fair and reasonable for the Group to consider Emperor International as one of the landlords to approach when looking for suitable properties to lease.

As at the Latest Practicable Date, the Group was leasing several properties from Emperor International for retail and office uses, as further elaborated under section 5.2.2 below. Given that the Group has been leasing these properties for over 10 years without material tenancy issues, the Management expects that such lease will continue. This will also minimise any disruption to the business of the Group and avoid additional costs due to relocation.

Based on the above, following the expiration of the 2018 MLA, the entering into of the 2020 MLA will continue to govern the Tenancy Transactions between the Group and Emperor International Group, and also serve to streamline the relevant process of reporting, announcement and Shareholders' approval, if necessary, whenever there is new tenancy or renewal of the Tenancy Transactions between the Group and Emperor International Group. Besides, the obtaining of the Aggregate Tenancy Annual Caps will help reduce the relevant administrative burden and costs on the Company in complying with the requirements under the Listing Rules. The Definitive Leasing Agreements will be agreed on an arm's length basis, on normal commercial terms or on terms no less favourable to the Group than those terms offered by independent third parties as landlords.

LETTER FROM ALTUS

Having considered the above, we are of the view that the entering into of the 2020 MLA, as well as the adoption of the Aggregate Tenancy Annual Caps, is conducted in the ordinary and usual course of the Group's business and in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the 2020 MLA

3.1. Term

The 2020 MLA commenced on 1 April 2021 and will end on 31 March 2024. Subject to compliance with the then relevant requirements of the Listing Rules, or any waiver obtained from strict compliance with such requirements, upon expiration of the initial term or subsequent renewal term, the 2020 MLA shall be automatically renewed for a successive period of 3 years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier in accordance with the 2020 MLA.

3.2. Key terms and conditions

Relevant members of the Group and relevant members of Emperor International Group may from time to time enter into Definitive Leasing Agreement(s) in relation to any Tenancy Transaction upon, and subject to, the terms and conditions in compliance with the 2020 MLA, provided that:

- (a) all the Tenancy Transactions have been and shall be conducted in the usual and ordinary course of business of both the Group and Emperor International Group and are in the interest of their respective shareholders as a whole;
- (b) the terms of each Definitive Leasing Agreement have been and shall be on normal commercial terms or on terms which are no less favourable to the Group than terms offered by independent third parties;
- (c) the terms of the Tenancy Transactions have been and shall be arrived at after arm's length negotiation and the amount of rental thereunder the respective Definitive Leasing Agreements shall be determined based on the condition of the properties and with reference to the then prevailing market rents on premises comparable in location, area and permitted use;
- (d) all the Tenancy Transactions have been and shall be concluded in compliance with all applicable provisions of the Listing Rules, the applicable laws, 2020 MLA and relevant Definitive Leasing Agreements; and
- (e) the Group has/shall have the option to consider third party landlords and premises other than the properties of Emperor International.

LETTER FROM ALTUS

4. Internal control measures

According to the “Letter from the Board” of the Circular and our discussion with the Management, with regards to premise selection and determination of rentals and terms of tenancies for renewal of existing tenancy or new retail shop opening, the Group will follow a series of procedures which involves (i) site visits and sourcing of available properties in the selected location by the Group’s operation team; (ii) collection of rental quotations of not less than three shortlisted properties from different landlords if there are such number of available properties in the selected location; and (iii) rental assessment and obtaining comparable information for the determination of terms of tenancy. The Group may also engage independent property appraisers to prepare valuation reports on the target properties, conduct internal research to assess the valuation, and/or assess the valuation with reference to previous tenancy agreements for renewal cases. After the aforementioned information of the proposed tenancy has been compiled and analysed by the Group’s operation team, the Management will review and decide whether to approve the tenancy. Once the Management grants its approval, the Definitive Leasing Agreement(s) will be entered into between relevant parties.

The transactions contemplated under the 2020 MLA are also subject to annual review by the independent non-executive Directors and the external auditors. In particular, the independent non-executive Directors will conduct annual review to confirm whether the transactions contemplated under the 2020 MLA and the Definitive Leasing Agreements are in the ordinary and usual course of business of the Group, on normal commercial terms of better, and the terms are fair and reasonable and in the interests of the Shareholders as a whole.

We have obtained and reviewed the Group’s internal control policy document and samples of internal approval documents in respect of leasing of properties by the Group from Emperor International Group and Independent Third Parties. We have reviewed five samples of leasing transactions of retail properties with Independent Third Parties completed in 2021, including both new leases or renewal of leases. Based on our review, their internal control procedures and processes were similar, and we concur with the view of the Management that adequate procedures are in place to ensure the Definitive Leasing Agreements are entered into under normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

Having considered the above, we are of the view that the terms of the 2020 MLA are fair and reasonable, and the transactions contemplated under the 2020 MLA are on normal commercial terms.

LETTER FROM ALTUS

5. Proposed Aggregate Tenancy Annual Caps

5.1. Basis for determining the Aggregate Tenancy Annual Caps

Pursuant to the 2020 MLA, the proposed Aggregate Tenancy Annual Caps are as follows:

	For the year ending 31 March		
	2022	2023	2024
	HK'000	HK'000	HK'000
Aggregate Right-of-Use Annual Cap	20,000	22,000	32,000
Aggregate Rental Expense Annual Cap	6,000	6,000	6,000

According to the “Letter from the Board” of this Circular, the Aggregate Tenancy Annual Caps represent the estimated respective maximum value of (i) the right-of-use assets relating to leases to be or expected to be entered into by the Group in the respective period(s) of the term under the 2020 MLA; and (ii) the Variable Lease Payments and other short-term lease payments payable by the Group in respect of Tenancy Transactions in the respective period(s) of the term under the 2020 MLA.

The Aggregate Right-of-Use Annual Cap (i.e. aggregates all Tenancy Transactions to be or expected to be entered with Emperor International Group and the right-of-use assets to be recognised regardless of their location and usage) and the Aggregate Rental Expense Annual Cap (i.e. aggregates all short term Tenancy Transactions entered/to be or expected to be entered with Emperor International Group and the Variable Lease Payments to be paid by the Group regardless of their location and usage) have been determined taking into account the following:

- (i) the historical transaction amounts of rental, management fee (if any) and charges paid by the Group to Emperor International Group under all Tenancy Transactions;
- (ii) the number of existing Tenancy Transactions;
- (iii) assuming all the above tenancies will be renewed upon expiry and taking into account the possible oncoming adjustment in rental rates;

LETTER FROM ALTUS

- (iv) the business development and expansion of the Group and the possibility of entering into new Tenancy Transactions with Emperor International Group under the 2020 MLA in the forthcoming years;
- (v) the location and usage of the properties of the existing portfolio of Emperor International Group and potential acquisition of properties by Emperor International Group which can be available for leasing to the members of the Group in the future; and
- (vi) the prevailing market rents of the properties as compared with similar properties in the vicinity.

5.2. Fairness and reasonableness of the Aggregate Tenancy Annual Caps

In assessing the fairness and reasonableness of the proposed Aggregate Tenancy Annual Caps, we have considered the following factors:

5.2.1. Historical transaction amounts

Below is a table setting out the 2018 MLA Tenancy Annual Caps under the 2018 MLA and the historical amount of Tenancy Transactions between the Group and Emperor International Group for each of the years ended 31 March 2019, 2020 and 2021.

	For the year ended 31 March		
	2019	2020	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Historical Tenancy Transaction amount	7,078	8,312	7,198
2018 MLA Tenancy Annual Caps	9,800	9,800	9,800
Utilisation rate	72%	85%	73%

Based on the announcement of the Company dated 27 June 2018 in respect of the 2018 MLA, we noted that the factors taken into account in determining the 2018 MLA Tenancy Annual Caps was largely the same as that for the Aggregate Tenancy Annual Caps as described in section 4.1 above.

LETTER FROM ALTUS

As illustrated in the table above, the historical Tenancy Transactions amount between the Group and Emperor International Group increased from approximately HK\$7.1 million for the year ended 31 March 2019 to approximately HK\$8.3 million for the year ended 31 March 2020, and decreased to approximately HK\$7.2 million for the year ended 31 March 2021, representing utilisation rates of 72%, 85% and 73% respectively. During the three years ended 31 March 2021, the historical Tenancy Transaction amount mainly comprised the rents paid for the existing Tenancy Transactions, as further described in the section below. We understand from the Management that the lower utilisation rate for the year ended 31 March 2019 was mainly attributable to the delay of the Group's expansion plan due to change in market conditions. Meanwhile, the lower utilisation rate for the year ended 31 March 2021 reflected the rent concession offered by Emperor International Group to the Group following negotiations between the parties to take into account the weak retail consumption sentiment in Hong Kong and operational disruptions caused by the continuing adverse impact of COVID-19 pandemic.

5.2.2. Existing Tenancy Transactions

As at the Latest Practicable Date, the Group are leasing properties from the Emperor International Group under the existing Tenancy Transactions (the “**Existing Properties**”) at the following locations:

- (i) Emperor Group Centre, No. 288 Hennessy Road, Wanchai, Hong Kong;
- (ii) Fitfort, 560 King's Road, North Point, Hong Kong; and
- (iii) Wei King Building, 275 Chatham Road North, Hung Hom, Kowloon, Hong Kong

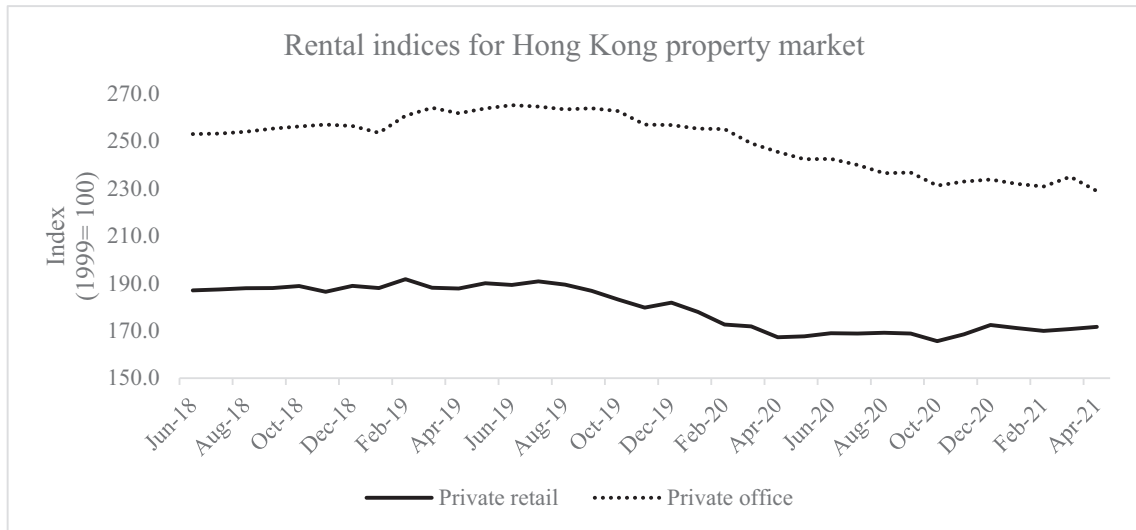
We have reviewed the lease agreements for the existing Tenancy Transactions, which were entered into in June 2018, October 2019 and April 2021 respectively, and noted that the earliest expiry date of the above leases is in June 2021 while the latest in April 2023. Their monthly rental amount ranges from HK\$26,000 to HK\$576,000.

We have also reviewed the calculation of the Aggregate Tenancy Annual Caps and noted that the Group has taken into account these existing Tenancy Transactions in the calculation of the Aggregate Tenancy Annual Caps. We understand from the Management that the Group intends to renew all the existing Tenancy Transactions upon their expiry and the Management is not aware of any obstacles on the renewal. Considering that the Group has been leasing the Existing Properties for over 10 years, we are of the view that the Management's intention and assumption in relation to the renewal of the existing Tenancy Transactions are reasonable. Out of the Aggregate Tenancy Annual Caps, approximately HK\$22.0 million, HK\$2.0 million and HK\$34.0 million are attributable to the renewal of the existing Tenancy Transactions for the years ending 31 March 2022, 2023 and 2024 respectively.

We also understand from the Management that the Group generally commences negotiations with landlords on renewal of leases three months prior to lease expiry and will base such negotiations on the then prevailing market conditions.

LETTER FROM ALTUS

In assessing the fairness and reasonableness of the expected rental rates for the lease of the Existing Properties during the three years ending 31 March 2024, we have researched on the Hong Kong property market in the private retail and office sectors, which are the sectors that the Existing Properties belong to. Set out below is a graph illustrating the rental indices for private retail and private office sectors for the Hong Kong property market from June 2018 to April 2021 published by Rating and Valuation Department of the Government of the Hong Kong:



Rental indices for private office and private retail sectors started its decreasing trend from July 2019 to October 2020, mainly triggered by the combined effect of prolonged local social unrest started from June 2019 and the outbreak of COVID-19 pandemic in early 2020, which severely impacted the local retail consumption sentiment and casted significant uncertainties in the outlook of the economy. After that, the rental index for private office sector remained relatively steady and that for the private retail sector even experienced a slight rebound. Coupled with research reports below, we believe the cessation of downward trend may indicate a sign of stabilisation in the market as the negative impact of the COVID-19 pandemic eases with the rollout of vaccination program in Hong Kong and around the world. From various research reports published by real estate services providers, it has been reported that the leasing market and domestic consumer sentiment in Hong Kong showed signs of improvement in the first quarter of 2021, and it is expected that there will be a gradual rental level rebound in the medium term once the COVID-19 pandemic has stabilised and economic activities return to normal levels. Considering these are the views given by real estate services providers which are reputable multinational companies having presence in Hong Kong, we believe that they possess relevant experience and expertise that reliance could fairly be placed on their work, and that the information set out in their reports are objective and representative.

LETTER FROM ALTUS

The lease agreements for the Existing Tenancy Transactions were entered into during different cycles of the private office and private retail market in June 2018, October 2019 and April 2021, which will be expired in June 2021, September 2021 and April 2023 respectively. Considering the market is expected to stabilise based on current signs and may have rebounded upon renewal of agreements in late 2021 or 2023, we concur that it is reasonable for the Group, as prudent measures, to generally assume approximately 10% to 15% increases in the rental rates of the existing Tenancy Transactions upon expiry of the leases in the calculation of the Aggregate Tenancy Annual Caps.

Notwithstanding such assumptions, we noted that Emperor International Group had in the past offered rent concession to the Group as discussed in section 4.2.1 above. Therefore, while it is fair and reasonable for the Group to assume renewal of the existing Tenancy Transactions with slight increase in rental rates, we noted that it does not preclude the Group from its ability to negotiate with Emperor International Group for the rent concession should adverse circumstances arise in the future. Furthermore, we have also conducted independent research into recent market transactions of comparable properties in the vicinity and we noted that the rental rates of the existing Tenancy Transactions between the Group and Emperor International Group, after taking into account the assumed 10% to 15% increase in rental rates, are comparable to or lower than the market rates. Set out below are the details of the market transactions of comparable properties:

- (a) The shop leased by the Group at Fitfort, 560 King’s Road, North Point, Hong Kong (“**Property A**”)

According to our enquiry with a well-known property agency in Hong Kong, the most recent transactions for shop leasing in Fitfort were in January 2021, the details of which are as follows:

Location of comparable properties	Date of transaction	Gross floor area (sq. ft.)	Monthly rent (HK\$)	Monthly rent per sq. ft. (HK\$)
Fitfort, 560 King’s Road, North Point, Hong Kong	20 January 2021	619	40,000	64.6
Fitfort, 560 King’s Road, North Point, Hong Kong	20 January 2021	646	45,300	70.1
Fitfort, 560 King’s Road, North Point, Hong Kong	20 January 2021	564	44,000	78.0
Property A		856	29,900^(Note 1)	34.9^(Note 1)

LETTER FROM ALTUS

- (b) Units leased by the Group at Emperor Group Centre, No. 288 Hennessy Road, Wanchai, Hong Kong (the “**Property B**”)

According to our research on the website of a well-known property agency in Hong Kong, we noted that there was a transaction completed for office unit leasing at Emperor Group Centre in the most recent month of June 2021 as follows:

Location of comparable properties	Date of transaction	Gross floor area (sq. ft.)	Monthly rent (HK\$)	Monthly rent per sq. ft. (HK\$)
Emperor Group Centre, No. 288 Hennessy Road, Wanchai, Hong Kong	21 June 2021	1,582	56,952	36.0
Property B		3,882	141,488 ^(Note 1)	36.4 ^(Note 1)

- (c) Shops leased by the Group at Wei King Building, 275 Chatham Road North, Hung Hom, Kowloon, Hong Kong (the “**Property C**”)

According to our research on the website of a well-known property agency in Hong Kong, the transactions completed for the lease of retail properties located in Hung Hom in the most recent month of June 2021 are as follows:

Location of comparable properties	Date of transaction	Gross floor area (sq. ft.)	Monthly rent (HK\$)	Monthly rent per sq.ft. (HK\$)
Polly Court, Bulkeley Street, Hung Hom	28 June 2021	300	35,000	116.7
Hung Hom Shopping Mall, Tak Man Street, Hung Hom	26 June 2021	400	55,000	137.5
Greenland Court, Ma Tau Wai Road, Hung Hom	21 June 2021	180	28,000	155.6
115-129 Dock Street, Hung Hom	21 June 2021	900	85,000	94.4
99-103 Wuhu Street, Hung Hom	21 June 2021	1,000	90,000	90.0
Hung Hom Commercial Centre, Ma Tau Wai Road, Hung Hom	16 June 2021	989	22,000	22.2

LETTER FROM ALTUS

Location of comparable properties	Date of transaction	Gross floor area (sq. ft.)	Monthly rent (HK\$)	Monthly rent per sq.ft. (HK\$)
Fuka Building, Cooke Street, Hung Hom	16 June 2021	600	50,000	83.3
Wuhu Residence, Wuhu Street, Hung Hom	10 June 2021	1,588	91,000	57.3
Po Yuen Mansion, Bulkeley Street, Hung Hom	8 June 2021	700	24,000	34.3
Property C		21,720	607,200^(Note 1)	28.0^(Note 1)

Note:

- The rental amounts represent the rents of the Existing Properties under the Existing Tenancy Transactions taking into account an assumed 10% to 15% increase.*

5.2.3. New Tenancy Transactions

Other than the existing Tenancy Transactions, we also noted that the Group has taken into account the business development and expansion of the Group and the possibility of entering into new Tenancy Transactions during the three years ending 31 March 2024 in determining the Aggregate Tenancy Annual Caps.

The Group had recorded an improvement in financial results for FY2021. According to the annual results of the Company for FY2021, the Group's revenue increased by approximately 7.2% from approximately HK\$218.9 million for FY2020 to approximately HK\$234.5 million for FY2021, and the Group turned around from recording a net loss of approximately HK\$11.6 million for FY2020 to a net profit of approximately HK\$16.8 million for FY2021. The Management is of the view that the resilience of the regional and global stock market, coupled with the low interest environment, has laid a strong foundation for the Hong Kong property market. Local property developers have continued launching new residential units, and transactions in the second-hand property market have improved since 2020. Despite the ongoing COVID-19 pandemic, the Group has seen improvements in store traffic and consumer confidence due to recent roll-out of vaccination programs. Local retail consumption sentiment, in particular regarding home furniture, has regained momentum during the second half of FY2021. Customer demand for home furniture and related products has become more sophisticated, as consumers spent more time at home due to public health concerns, which provided more market opportunities.

LETTER FROM ALTUS

Given the Group's recent strong financial results and the Management's expectation on a rebound in Hong Kong's economy and revival of its retail market when the COVID-19 pandemic subsides, we understand that the Group intends to continue to enhance its sales network and strengthen its market presence. Setting up more retail outlets in Hong Kong, which may entail entering into new Tenancy Transactions, will be one of the strategies.

As discussed under section 2 above, Emperor International Group has an investment properties portfolio in Hong Kong primarily focusing on commercial buildings and quality street-level retail spaces in prominent locations, spanning across Hong Kong Island, Kowloon and New Territories of Hong Kong, with an aggregate gross floor area of over 4.6 million square feet. We also noted that Emperor International Group has been expanding its property portfolio by looking out for commercial buildings with redevelopment value and undertaking urban renewal projects in suitable districts. For example, we noted from the 2021 interim report of Emperor International that a 14-storey industrial building located in Tuen Mun owned by it is being transformed into a commercial building through a wholesale conversion scheme, which will support diverse functions such as food and beverage, retail and offices.

Having considered (i) the vast number of commercial and retail investment properties owned by Emperor International Group located in prominent locations across different regions in Hong Kong; (ii) Emperor International Group's continued effort in looking out for commercial buildings with redevelopment value and undertaking urban renewal projects; and (iii) the Group's strategy to enhance its sales network and strengthen its market presence and we understand from the Management that the Group has commenced discussion with landlords including Emperor International Group on potential lease of additional properties for retail outlets, it is possible that the Group and Emperor International Group will enter into new Tenancy Transactions under the 2020 MLA in the forthcoming years.

Out of the Aggregate Tenancy Annual Caps, approximately HK\$4.0 million, HK\$26.0 million and HK\$4.0 million are attributable to the new Tenancy Transactions for the financial years ending 31 March 2022, 2023 and 2024 respectively. According to our discussion with the Management, the Group plans to expand its sales network of two retail lines of the Group – “*at • home*” and “*Ulfenbo*” by leasing seven additional stores, possibly from the Emperor International Group, during the years ending 31 March 2022, 2023 and 2024. We have reviewed and discussed with the Management the calculation of the annual caps attributable to the expansion plans, and we noted that the Management has taken into account the estimated sizes of stores and rental rates based on their experience and market knowledge in their calculations. Moreover, as we have noted from the annual reports and results announcement of the Company that the Group had opened six new stores during the year ended 31 March 2019, and opened five and four new stores during FY2020 and FY2021 respectively despite of the tough market conditions in Hong Kong due to social unrest and the outbreak of COVID-19 pandemic during FY2020 and FY2021, we are of the view that the Management's plan to open seven new stores during the financial years ending 31 March 2022, 2023 and 2024 to stay competitive in the market with an expectation of a rebound in Hong Kong's economy and revival of its retail market, is reasonable. Given the latest economic development, we understand from the Management that the Company plans to open more new stores during the year ending 31 March 2023, subject to the then market condition, and therefore, the Aggregate Tenancy Annual Caps attributable to new Tenancy Transactions for the year ending 31 March 2023 is comparatively higher. Based on the above, we are of the view that the basis adopted by the Company in determining the Aggregate Tenancy Annual Caps attributable to new Tenancy Transactions were set by the Management after due and careful consideration, and we are of the view that the annual caps attributable to the new Tenancy Transactions are fair and reasonable.

LETTER FROM ALTUS

Based on the factors and reasons discussed above, we are of the view that the basis adopted by the Company in determining the Aggregate Tenancy Annual Caps for the continuing connected transactions contemplated under the 2020 MLA were set by the Management after due and careful consideration and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

RECOMMENDATIONS

Having considered the above principal factors, we are of the view that (i) the terms of the 2020 MLA and the Aggregate Tenancy Annual Caps are fair and reasonable; (ii) the transactions contemplated under the 2020 MLA are on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) the transactions contemplated under the 2020 MLA are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution approving the 2020 MLA and the Aggregate Tenancy Annual Caps to be proposed at the AGM.

Yours faithfully,
For and on behalf of
Altus Capital Limited

Sean Pey Chang
Executive Director

Simon Kwok
Senior Manager

Mr. Chang Sean Pey (“Mr. Chang”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 20 years of experience in banking, corporate finance advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.

Mr. Simon Kwok (“Mr. Kwok”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. He has over seven years of experience in financial services industry, including over four years of corporate finance advisory experience in Hong Kong, in particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions. Mr. Kwok is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, the following Directors and chief executives of the Company were interested, or were deemed or taken to be interested in the following long and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to (a) be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (“**Model Code**”) to be notified to the Company and the Stock Exchange:

(a) Long positions 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 positions interests in associated corporations

(i) Ordinary shares

Name of Director	Name of associated corporation	Capacity/ Nature of Interests	Number of ordinary shares interested	Approximate % holding
Ms. Fan Man Seung, Vanessa	Emperor International	Beneficial owner	10,500,000	0.29%

(ii) Debentures

Name of Director	Name of associated corporation	Capacity/Nature of Interests	Amount of Debentures held
Mr. Wong Chi Fai	Emperor International	Interest of controlled corporation	HK\$2,000,000

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive 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) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which is not determinable within one year without payment of compensation other than statutory compensation.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates has any interest in business which is considered to compete or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

5. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

6. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any interests, either directly or indirectly, in any assets which have been, since 31 March 2021 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. EXPERT AND CONSENT

The following are the qualifications of the experts who have given opinions or advice which are contained in this circular:

Name	Qualification
Altus Capital Limited	A corporation licensed under the SFO to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities

As at the Latest Practicable Date, Altus has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and report (as the case may be) and references to its names, in the form and context in which they respectively appear.

As at the Latest Practicable Date, Altus:

- (a) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group; or
- (b) did not have any interest, either directly or indirectly, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up (i.e. 31 March 2021), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any circumstances or events that may give rise to a material adverse change in the financial or trading position of the Group since 31 March 2021, being the date to which the latest audited financial statements of the Group were made up.

9. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection during 9:00 a.m. to 5:00 p.m. on any weekday (except for Saturdays and public holidays) at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong from the date of the circular and up to and including the date of the AGM:

- (a) the 2020 MLA;
- (b) the written consent referred to in the paragraph headed “Expert and Consent” in this Appendix;
- (c) the letter from the Independent Board Committee as set out on page 16 in this circular;
- (d) the letter from Altus, the Independent Financial Adviser, as set out from pages 17 to 31 in this circular; and
- (e) this circular.

10. MISCELLANEOUS

The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese text.

NOTICE OF ANNUAL GENERAL MEETING



歐化國際有限公司 Ulferts International Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1711)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Ulferts International Limited (the “**Company**”) will be held at 2nd Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong on Tuesday, 10 August 2021 at 11:30 a.m. for the following purposes:

1. To consider and adopt the Audited Consolidated Financial Statements of the Company for the year ended 31 March 2021 together with the reports of the directors and independent auditor (“**Auditor**”) thereon.
2. To declare final dividend for the year ended 31 March 2021.
3. (A) To re-elect Mr. Wong Chi Fai as director of the Company (“**Director**”).

(B) To re-elect Mr. Chiu Kin Fai as Director.

(C) To re-elect Mr. Ng Hoi Yue as Director.

(D) To authorize the Board of Directors of the Company (“**Board**”) to fix the Directors’ remuneration.
4. To re-appoint Ernst & Young as Auditor and to authorize the Board to fix their remuneration.
5. As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:
 - (A) “**THAT**
 - (i) subject to sub-paragraph (ii) of this resolution, the exercise by the Directors during the Relevant Period (as defined in sub-paragraph (iii) of the resolution) of all the powers of the Company to allot and issue additional shares of the Company and to make or grant offers, agreements and options which might require the exercise of such powers either during or after the Relevant Period, be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

(ii) the aggregate number of shares of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in subparagraph (i) of this resolution, otherwise than pursuant to a Rights Issue or the exercise of subscription or conversion rights under any warrants of the Company or any securities which are convertible into shares of the Company or any share option scheme, shall not exceed 20% of the total number of issued shares of the Company on the date of this resolution and this approval shall be limited accordingly; and

(iii) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company; or
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company (“**Articles of Association**”) or any applicable laws to be held; or
- (c) the date of which the authority sets out in this resolution is revoked or varied by an ordinary resolution passed in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognized regulatory body or any stock exchange in any territory outside Hong Kong).”

NOTICE OF ANNUAL GENERAL MEETING

(B) “**THAT**

- (i) subject to sub-paragraph (ii) of this resolution below, the exercise by the Directors during the Relevant Period (as defined in sub-paragraph (iii) of this resolution) of all the powers of the Company to buy back issued shares of the Company on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Stock Exchange and the Securities and Futures Commission for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time be and is hereby generally and unconditionally approved;
- (ii) the aggregate number of shares of the Company to be bought back pursuant to the approval in sub-paragraph (i) above shall not exceed 10% of the total number of the issued shares of the Company as at the date of this resolution and the said approval shall be limited accordingly; and
- (iii) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
or
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws to be held; or
- (c) the date on which the authority sets out in this resolution is revoked or varied by an ordinary resolution passed in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

(C) “**THAT** conditional upon resolution nos. 5(A) and 5(B) above being passed, the aggregate number of shares of the Company which are bought back by the Company under the authority granted to the Directors as mentioned in resolution no. 5(B) above shall be added to the aggregate number of shares of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to resolution no. 5(A) above, provided that such extended number of shares shall not exceed 10% of the total number of issued Shares as at the date of passing resolution no. 5(B).”

(6) “**THAT**

(i) the Aggregate Tenancy Annual Caps for the 2020 Master Leasing Agreement be and are hereby ratified, confirmed and approved; and (ii) any executive director of the Company be and is hereby authorized to do all such acts and things which he/she may consider necessary, desirable or expedient to implement the transactions contemplated under the 2020 Master Leasing Agreement (with any amendments to the terms of such agreements which are not inconsistent with the purpose thereof as may be approved by the directors of the Company).”

By order of the Board
Ulferts International Limited
Mok Fung Lin, Ivy
Company Secretary

Hong Kong, 6 July 2021

Registered Office:

Units 1905-07
19th Floor
Emperor Group Centre
288 Hennessy Road
Wanchai
Hong Kong

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (i) For details regarding Resolutions No. 1 – No. 5, please refer to the circular of the Company dated 6 July 2021 regarding “(1) Proposed Re-election of Directors (2) Proposed General Mandates to Issue New Shares and Buy Back Shares and (3) Notice of Annual General Meeting”. For details regarding Resolution No. 6, please refer to the circular of the Company dated 6 July 2021 in relation to “(I) Continuing Connected Transactions – 2020 Master Leasing Agreement and (II) Notice of Annual General Meeting”. Unless indicated otherwise, capitalised terms used in the respective Resolutions shall have the same meanings as those defined in the respective circulars.
- (ii) Considering the outbreak of COVID-19, certain measures will be implemented at the annual general meeting (“AGM”) with a view to addressing the risk to attendees of infection, including, without limitation (i) all attendees being required to (a) undergo compulsory body temperature check; (b) submit compulsorily health declaration form; and (c) wear surgical face masks prior to admission to the AGM venue (no mask will be provided at the AGM venue) and throughout the AGM; (ii) no corporate gifts being distributed; (iii) no refreshments or drinks being provided; (iv) all attendees will be assigned designated seat at the AGM venue in order to ensure appropriate social distancing and facilitate contact tracing. The Company reminds attendees that they should carefully consider the risks of attending the AGM, taking into account their own personal circumstances.

The Company will keep the evolving COVID-19 situation under review and may change measures, where appropriate, Shareholders should check the Company’s website (<https://www.ulfertsintl.com>) for future announcement and updates on the AGM arrangements.

- (iii) Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions set out in this Notice will be decided by poll at the AGM. Where the chairman in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted, such resolution will be decided by a show of hands.
- (iv) A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies (if he/she is a holder of more than one share) to attend and vote in his/her stead. A proxy need not be a member of the Company.
- (v) In order to be valid, the form of proxy must be in writing under the hand of the appointor or his/her attorney duly authorized in writing, or if the appointor is a corporation, either under its common seal, or under the hand of an officer or attorney duly authorized on that behalf, and must be deposited at the Company’s Share Registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong (“Share Registrar”) together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney, not less than 48 hours before the time for holding the meeting or adjourned meeting.
- (vi) Where there are joint holders of any share, any one of such joint holder may vote, either in person or by proxy in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the AGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and, for this purpose, seniority shall be determined by the order in which the names stand in the register in respect of the joint holding of such share.
- (vii) Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the AGM and in such event, the form of proxy previously submitted shall be deemed to be revoked.

NOTICE OF ANNUAL GENERAL MEETING

- (viii) 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 for registration with the Share Registrar before 4:30 p.m. on 4 August 2021 (Wednesday).
- (ix) The AGM will be held on 10 August 2021 (Tuesday) as scheduled regardless of whether or not an amber or red rainstorm warning signal is in force in Hong Kong at any time on that day. However, if Typhoon Signal No. 8 or above, or a “black” rainstorm warning is in effect at any time after 9:30 a.m. and before the above meeting time, the AGM will be postponed. The Company will post an announcement on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.ulfertsintl.com>) to notify shareholders of the date, time and place of the rescheduled meeting.
- (x) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.