



2021/2022

INTERIM REPORT



歐化國際有限公司
Ulferts International Limited

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

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FINANCIAL SUMMARY

The board of directors (the “Board” or “Directors”) of Ulferts International Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2021 (the “Period”).

HK\$'000	For the six months ended		Changes
	30 September 2021	2020	
Revenue	107,821	97,833	+10.2%
<i>Retail</i>	103,826	92,774	+11.9%
<i>Wholesale & Special projects</i>	3,995	5,059	-21.0%
Gross profit	69,332	63,145	+9.8%
<i>Gross profit margin</i>	64.3%	64.5%	-0.2 pp
Net profit (loss)	562	(1,045)	N/A
Basic earnings (loss) per share	HK0.07 cent	HK(0.13) cent	N/A

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

During the Period, the pandemic situation was well contained in Hong Kong. Business activities and social gatherings gradually returned to relatively normal, providing favourable conditions for the domestic retail market. The Group's total revenue increased by 10.2% to HK\$107.8 million (2020: HK\$97.8 million). Gross profit increased to HK\$69.3 million (2020: HK\$63.1 million), while gross profit margin remained broadly stable at 64.3% (2020: 64.5%).

Revenue from the retail segment amounted to HK\$103.8 million (2020: HK\$92.8 million), accounting for 96.3% (2020: 94.8%) of the Group's total revenue. Among the retail revenue, aggregate sales revenue of **"Ulferts"** and **"Ulferts Signature"** amounted to HK\$67.5 million (2020: HK\$64.1 million), and remained the key revenue contributor, accounting for 65.0% (2020: 69.1%) of total retail revenue. The sales revenue of **"at • home"** grew by 22.4% to HK\$20.2 million (2020: HK\$16.5 million), accounting for 19.5% (2020: 17.8%) of total retail revenue.

Supported by the increase of total revenue, the Group was able to achieve a net profit of HK\$0.6 million (2020: net loss of HK\$1.0 million) during the Period, while the Group had already achieved a turnaround in the second half of the previous financial year. Basic earnings per share was HK0.07 cent (2020: basic loss per share of HK0.13 cent).

BUSINESS REVIEW

The Group is a leading retailer of high quality home furniture mainly imported from Europe. The Company has been listed (the "IPO") on the Main Board of The Stock Exchange of Hong Kong Limited since January 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has been established for over 45 years, and takes pride in providing superior quality stylish furniture in Hong Kong. As at 30 September 2021, the Group operated 23 points-of-sale (“POS”) in Hong Kong, covering several retail lines — “**Ulferts Signature**”, “**Ulferts**”, “**at • home**” and “**Ulfenbo**”/“**Dormire**”. “**Ulferts**” and “**Ulferts Signature**” are dedicated to elevating customers’ home living standard with style and quality, and offers a wide variety of contemporary style furniture products targeting middle to high end groups. “**at • home**” offers quality compact furniture and home accessories to suit small living spaces for modern families. Targeting the mass market, “**Ulfenbo**” offers mattresses, pillows, sofas, sofas and other ancillary items, which are distributed through “**Ulfenbo**”/“**Dormire**” specialty stores, department store counters, pop-up stores and roadshows, as well as wholesaling to over 200 dealers. Additionally, there are several online shopping platforms which maximise market coverage.

Retail Business

- *Effective Market Segmentation*

With a clear understanding of market segmentation, the Group defines and identifies target consumer profiles in order to develop product and marketing strategies to reach out to their specific preferences.

“**Ulferts**”, the Group’s core retail label, is dedicated to providing high quality, stylish and luxury furniture. It offers a wide variety of contemporary style furniture products, enabling its customers to create their ideal homes. The Group operates “**Ulferts**” showrooms across Hong Kong, targeting middle to high-mid income groups. “**Ulferts Signature**” offers high-end branded furniture products and also luxury European tailor-made furniture. It targets up-market customers seeking a superior lifestyle.

Another retail line, “**at • home**”, offers quality, stylish and compact furniture. It targets the mid-range segment and is geared towards the needs of young couples and new families.

MANAGEMENT DISCUSSION AND ANALYSIS

“**Ulfenbo**” products focus on mass market consumers who demand quality and affordable mattresses, pillows and other ancillary items to enhance their sleep experience. “**Ulfenbo**” products are distributed through “**Ulfenbo**”/“**Dormire**” stores, which are typically small-scale, and are designed with a casual and relaxing environment, to highlight smart living style. “**Ulfenbo**” products are also distributed at department store counters, pop-up stores and roadshows for enhancing the market reach.

- *Diverse Product Portfolio*

The Group offers a wide variety of furniture products — ranging from leather and fabric sofas, cabinets, dining tables and chairs, through wardrobes, coffee tables and sideboards, to beds, which are imported from European and Asian countries. The Group currently carries more than 50 furniture brands in “**Ulferts Signature**” and “**Ulferts**” showrooms, as well as “**at • home**” stores, including international brands such as himolla, Gamma, MIDJ, Bonaldo and egoitaliano, most of which the Group has built long-standing relationship. “**at • home**” particularly offers various compact furniture products with special features and functions to suit the local small living spaces, as well as chic Scandinavian home accessories.

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

MANAGEMENT DISCUSSION AND ANALYSIS

- *Comprehensive Retail Sales Channel*

As at 30 September 2021, the Group had 23 POS in Hong Kong, with the number of outlets in each retail line as follows:

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

“Ulferts” showrooms are strategically located in either upscale residential areas or major shopping areas, targeting middle to high-mid income groups. With its solid presence in these mature locations, the Group enjoys substantial foot traffic and a high brand reputation. The Group’s flagship store, *“Ulferts Signature”*, is a 3-storey store with gross floor area of approximately 21,700 square feet, in Hung Hom. It features more luxurious lines of furniture and masterpieces with opulent designs and sophisticated finishing and excellent craftsmanship. Premium brands including Cornelio Cappellini, Malerba and Crystal Stone are available at *“Ulferts Signature”*.

“at • home” stores are generally located in shopping malls which carries a furniture theme, and there has been growing awareness of the brand among residents and shoppers. Meanwhile, *“Ulfenbo”/“Dormire”* stores, department store counters, pop-up stores and roadshows are situated in residential areas, to capitalise on the market potential.

During the Period, two *“at • home”* stores were opened, in Tseung Kwan O and Causeway Bay, and two *“Ulfenbo”* stores were opened, in Prince Edward and Tsuen Wan, to further expand the market coverage. Amongst which *“at • home”* is a flagship store located at Fashion Walk, Causeway Bay and occupies over 10,000 square feet. Combining fashion, lifestyle and international delicacies, Fashion Walk is well received by the young consumers and will help drive the foot traffic of *“at • home”*.

MANAGEMENT DISCUSSION AND ANALYSIS

- *Excellent Customers Shopping Experience*

“**Ulferts Signature**” and “**Ulferts**” showrooms are spacious, with a stylish and elegant environment, enabling the Group to display a wide spectrum of products for customers to touch and feel and to maximise customers’ shopping experience. The ambience, setting and placement of furniture within the distinctive display zones have all been tailor-designed by a dedicated visual merchandising team to impart harmonious, home-like comfort. The salespersons are well-trained and offer customers advice catering for their personal needs. In recognition of its service excellence, “**at • home**” received the “Quality Service Leader Seasonal Award — Furniture & Home Accessories Category” for the period April to June 2021 in the Quality Service Programme organised by the Hong Kong Retail Management Association.

- *Diversified Marketing Strategies*

The Group believes that brand recognition is crucial for driving long-term growth and success. To enhance brand awareness, the Group conducted a range of marketing and promotional campaigns spanning social media engagements, print advertisements, TV coverage, outdoor billboards and advertising on regular basis as well as pop-up exhibitions at suitable venues. It also launched promotional campaigns such as seasonal sale, annual sale and stock clearance sale, as well as joint promotions with banks and other financial institutions.

Wholesale Business

The Group also operates a wholesale business spanning mattresses, sofas and sofas under its self-owned label “**Ulfenbo**”, through over 200 dealers in Hong Kong and Macau. Based on its long establishment and quality products, the “**Ulfenbo**” brand has been recognised by the “Hong Kong Top Brand Mark” for seven consecutive years since 2014, under the Hong Kong Top Brand Scheme organised by the Chinese Manufacturers Association of Hong Kong and Hong Kong Brand Development Council.

MANAGEMENT DISCUSSION AND ANALYSIS

Special Projects

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

PROSPECTS

There has been remarkable progress with mass vaccination in Hong Kong. Cutting down on overseas travel will certainly benefit domestic consumption, in particular the demand for home furniture. In tandem with the launch of consumption vouchers, consumer confidence and positive market sentiment are lifting the residential property market. Given the low interest rate environment and boosted by the local government's housing policy, private property developers and the government have continued launching new residential units. It is generally believed that both retail and property markets will exhibit a stable recovery. The Group therefore remains cautiously optimistic about the future retail market, and will further enhance its sales network and strengthen its market presence. Meanwhile, the Group will closely monitor the market situation, and make adjustments in response to changes, and strive to achieve sustainable growth in the long term.

OTHER FINANCIAL INFORMATION

Capital Structure, Liquidity and Financial Resources

There was no change in the capital structure during the Period. Cash and cash equivalents of the Group was HK\$91.9 million (31 March 2021: HK\$93.7 million), which were mainly denominated in Hong Kong dollars. As at 30 September 2021, bank borrowings of the Group was nil (31 March 2021: nil), hence its gearing ratio was zero (31 March 2021: zero). The Group has available banking facilities of approximately HK\$82.0 million. The cash position and banking facilities available enable the Group to retain high flexibility and endurance to cater for future development and market uncertainty.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 September 2021, the Group's current assets and current liabilities were approximately HK\$159.3 million (31 March 2021: HK\$162.7 million) and HK\$83.7 million (31 March 2021: HK\$83.2 million), respectively. Current ratio and quick ratio of the Group were 1.9 (31 March 2021: 2.0) and 1.3 (31 March 2021: 1.4), respectively.

In view of the Group's financial position as at 30 September 2021, the Board considered that the Group had sufficient working capital for its operations and future development plans against market challenges.

Use of Proceeds

During the IPO in January 2018, the net proceeds from the listing amounted to approximately HK\$92.6 million, which were fully utilised during the Period. An analysis of the utilisation of the net proceeds up to 30 September 2021 is presented below:

	Up to 31 March 2021		Up to 30 September 2021
	Planned allocation of use of net proceeds (HK\$ million)	**Reallocation of use of net proceeds (HK\$ million)	Actual use of net proceeds (HK\$ million)
Capital expenditure, rental deposits and overhead expenses for opening of "at • home" retail stores	34.2	39.3	39.3
Strengthening the Group's product portfolio	24.2	24.2	24.2
Enhancing "Ulfenbo" sales channels and brand awareness	10.3	10.3	10.3
Capital expenditure and rental deposits for opening of "Ulferts" retail store	9.1	9.1	9.1
Upgrading information technology	5.7	0.6	0.6
General working capital	9.1	9.1	9.1
Total	92.6	92.6	92.6

** Details of the reallocation of net proceeds was disclosed in the announcement of the Company dated 28 July 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2021, the Group's number of employees was 136 (2020: 134). Total staff costs including Director's remuneration and the other staff costs for the Period were HK\$23.2 million (2020: HK\$22.7 million). Each employee's remuneration was determined in accordance with individual's responsibilities, competence and skills, experience and performance as well as market pay levels. Staff benefits include medical and life insurance, retirement benefits and other competitive fringe benefits. To provide incentives or rewards to the staff, the Company has adopted a share option scheme, particulars of which are set out in the section headed "Share Options" of this interim report.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (2020: Nil).

CONDENCED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

		Six months ended 30 September	
	Notes	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
REVENUE	4	107,821	97,833
Cost of sales		(38,489)	(34,688)
Gross profit		69,332	63,145
Other income	4	1,275	6,573
Selling and distribution expenses		(58,385)	(56,824)
General and administrative expenses		(11,104)	(13,109)
Finance costs		(556)	(830)
PROFIT/(LOSS) BEFORE TAX	5	562	(1,045)
Taxation	6	—	—
PROFIT/(LOSS) FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD		562	(1,045)
Attributable to:			
Owners of the parent		562	(1,045)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted (expressed in HK cents per share)		0.07	(0.13)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2021

	Notes	30 September 2021 (unaudited) HK\$'000	31 March 2021 (audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		10,132	6,269
Right-of-use assets		37,530	35,776
Prepayments, deposits and other receivables		6,383	3,598
Deferred tax assets		5,897	5,897
Total non-current assets		59,942	51,540
CURRENT ASSETS			
Inventories		48,742	47,654
Trade receivables	9	4,192	3,261
Prepayments, deposits and other receivables		14,415	18,117
Cash and cash equivalents		91,921	93,688
Total current assets		159,270	162,720
CURRENT LIABILITIES			
Trade and bills payables	10	4,082	8,815
Other payables and accruals		48,870	38,200
Lease liabilities		21,393	25,289
Tax payable		5,082	5,082
Provisions		4,302	5,825
Total current liabilities		83,729	83,211
NET CURRENT ASSETS		75,541	79,509
TOTAL ASSETS LESS CURRENT LIABILITIES		135,483	131,049
NON-CURRENT LIABILITIES			
Lease liabilities		18,196	11,684
Provisions		6,133	3,733
Total non-current liabilities		24,329	15,417
Net assets		111,154	115,632
EQUITY			
Equity attributable to owners of the parent			
Share capital		110,337	110,337
Retained profits		817	5,295
Total equity		111,154	115,632

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Share capital HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Total equity HK\$'000
At 1 April 2020 (audited)	110,337	(11,531)	98,806
Loss and total comprehensive loss for the period	—	(1,045)	(1,045)
At 30 September 2020 (unaudited)	110,337	(12,576)	97,761
At 1 April 2021 (audited)	110,337	5,295	115,632
Profit and total comprehensive income for the period	—	562	562
Final dividend recognised and paid for 2020	—	(5,040)	(5,040)
At 30 September 2021 (unaudited)	110,337	817	111,154

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Net cash from operating activities	27,619	46,107
Net cash used in investing activities	(8,180)	(35)
Net cash used in financing activities	(21,206)	(20,238)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,767)	25,834
Cash and cash equivalents at beginning of period	93,688	63,670
CASH AND CASH EQUIVALENTS AT END OF PERIOD	91,921	89,504
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	91,921	89,504

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

I. BASIS OF PREPARATION

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

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

These unaudited condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2021.

The financial information relating to the year ended 31 March 2021 that is included in this interim report 2021 does not constitute the Company’s statutory annual consolidated financial statements for 2021 but is derived from those financial statements. Further information relating to these statutory annual consolidated financial statements required to be disclosed in accordance with section 436 of the CO is as follows:

- (a) The Company has delivered the consolidated financial statements for the year ended 31 March 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to the CO.
- (b) The Company’s auditor has reported on the consolidated financial statements of the Group for the year ended 31 March 2021. The auditor’s reports were unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the CO.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

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

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

3. OPERATING SEGMENT INFORMATION

The Group principally focuses on the retail and wholesale of imported furniture, and special projects. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

3. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

(a) Revenue from external customers

Substantially all of the Group's revenues from external customers during the six months ended 30 September 2021 and 2020 were attributed to Hong Kong based on the location of the customers or the location of certain key processes/resources from which the Group derived the revenues.

(b) Non-current assets

All of the Group's non-current assets as at the end of the reporting period were located in Hong Kong based on the location of the assets.

4. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Revenue from contracts with customers		
Retail of furniture	103,826	92,774
Wholesale of furniture	3,417	4,107
Special projects	578	952
	107,821	97,833

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

4. REVENUE AND OTHER INCOME (Continued)

Revenue from contracts with customers

Disaggregated revenue information

	Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Types of goods or services		
Sale of goods	107,821	97,833
Total revenue from contracts with customers	107,821	97,833
Timing of revenue recognition		
At a point in time	107,821	97,833
Total revenue from contracts with customers	107,821	97,833

	Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Other income		
Government subsidies	–	5,674
Other service income	1,009	513
Bank interest income	106	312
Others	160	74
	1,275	6,573

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

5. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Cost of inventories sold and services provided	37,658	34,688
Write-down of inventories to net realisable value	831	–
Total amount recognised as cost of sales	38,489	34,688
Depreciation of property, plant and equipment	4,317	8,347
Depreciation of right-of-use assets	18,226	21,647
Loss on disposal/write-off of items of property, plant and equipment	–	11
Lease payments not included in the measurement of lease liabilities	5,939	1,364
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages, salaries, bonuses and allowances	22,267	21,894
Pension scheme contributions (defined contribution schemes)	891	825
	23,158	22,719
Foreign exchange differences, net	(3)	(49)

6. INCOME TAX

The Group did not generate any assessable profits arising in Hong Kong during the Period (2020: Nil).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

7. DIVIDEND

The Board has resolved not to declare any payment of interim dividend for the Period (2020: Nil).

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the Period attributable to ordinary equity holders of the parent of HK\$562,000 (2020: HK\$1,045,000) and the weighted average number of ordinary shares of 800,000,000 (2020: 800,000,000) in issue during the Period.

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

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

	Six months ended 30 September	
	2021	2020
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Earnings/(Loss)		
Profit/(loss) attributable to ordinary equity holders of the parent used in the basic and diluted earnings/(loss) per share calculation	562	(1,045)
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the Period used in the basic and diluted earnings/(loss) per share calculation	800,000,000	800,000,000

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

9. TRADE RECEIVABLES

The Group's retail sales are usually paid in cash or by major credit/debit cards, with the settlement from the corresponding banks or other financial institutions normally within 7 to 30 days. The Group's trading terms with its wholesale and project customers are mainly on credit, except for new customers, where payment in advance and/or upon delivery is normally required. The credit period for these customers is generally one to two months, extending up to six months for major project customers, or based on terms agreed by the relevant parties as set out in respective agreements. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	30 September 2021 (unaudited) HK\$'000	31 March 2021 (audited) HK\$'000
Within 1 month	4,192	2,799
1 to 3 months	–	460
Over 3 months	–	2
	4,192	3,261

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

10. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 September 2021 (unaudited) HK\$'000	31 March 2021 (audited) HK\$'000
Within 1 month	3,850	7,924
1 to 3 months	232	205
Over 3 months	–	686
	4,082	8,815

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

11. CONTINGENT LIABILITIES

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

	30 September 2021 (unaudited) HK\$'000	31 March 2021 (audited) HK\$'000
In connection with a bank guarantee given to a landlord in lieu of rental deposit required under certain tenancy agreements	2,187	1,773
In connection with a bank guarantee given to a customer in lieu of a surety bond required under a certain project sales agreement	171	171
	2,358	1,944

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

12. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Project sales	132	479
Lease expenses	3,086	3,111
Reimbursement of administrative expenses	1,005	2,864
Financial advisory fees	180	150
Company secretarial fees	80	80

The above related companies were beneficially owned by a director of the Company or private discretionary trusts of which Dr. Yeung Sau Shing, Albert (“Dr. Albert Yeung”) is also the founder.

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

	Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Fees	533	570
Short-term employee benefits	2,468	2,677
Post-employment benefits	87	99
	2,555	2,776
Total compensation paid to key management personnel	3,088	3,346

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

13. FAIR VALUE AND FAIR VALUE HIERARCHY

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

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

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

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 September 2021, the Directors and chief executives of the Company who had or were deemed or taken to have interests and short positions in the following shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors adopted by the Company ("Ulferts Securities Code") were as follows:

(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 of the Company

Ordinary shares

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

Debentures

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

Save as disclosed above, as at 30 September 2021, none of the Directors nor chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

OTHER PERSONS' INTERESTS IN SECURITIES

So far as is known to any Director or chief executive of the Company, as at 30 September 2021, the persons or corporations (other than a Director or chief executive of the Company) who had, or were deemed or taken to have interests and short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO ("DI Register") were as follows:

Long positions in the Shares

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

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

Save as disclosed above, as at 30 September 2021, the Directors or chief executives of the Company were not aware of any persons or corporations (other than the Directors and chief executive of the Company) who had, or were deemed or taken to have, any interests or short positions in any Shares or underlying Shares as recorded in the DI Register.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE CODE

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Ulferts Securities Code as its own code of conduct regarding securities transactions by Directors on no less exacting terms than the required standards of dealings as set out in Appendix 10 of the Listing Rules regarding Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”). Having made specific enquiry to the Directors, all of them confirmed that they had complied with the required standard of dealings as set out in the Model Code and the Ulferts Securities Code throughout the Period.

Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with written guidelines in line with the Model Code. No incident of non-compliance by relevant employees was noted throughout the Period.

SHARE OPTIONS

The Company adopted a share option scheme (“Share Option Scheme”) on 8 January 2018 to provide incentive or rewards to participants including the Directors and eligible employees of the Group. No option was granted under the Share Option Scheme since its adoption and up to 30 September 2021.

CHANGE IN INFORMATION OF DIRECTORS

The Company is not aware of any changes in the Directors’ information which is required to be disclosed pursuant to Rule 13.51(B) of the Listing Rules since the date of 2020/2021 Annual Report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

REVIEW OF INTERIM REPORT

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

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

Hong Kong, 18 November 2021

As at the date of this Report, the Board comprises:

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