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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)

**DISCLOSEABLE TRANSACTION
IN RELATION TO TENANCY**

On 28 June 2024, Slumvono as tenant entered into the Tenancy Agreement with the Landlord in relation to the tenancy of the Premises.

In accordance with HKFRS 16 “Leases”, the lease transaction under the Tenancy Agreement will be regarded as acquisition of assets by the Group. Pursuant to the Listing Rules, this transaction constitutes a discloseable transaction of the Company and is subject to the announcement requirement but exempt from Shareholders’ approval requirement under the Listing Rules.

The Board announces the execution of the Tenancy Agreement with the following particulars: -

TENANCY AGREEMENT

Date	:	28 June 2024
Landlord	:	Sun Hung Kai Real Estate
Tenant	:	Slumvono
Premises	:	Shop No. 243, Level 2, 138 Shatin Rural Committee Road, Shatin, New Territories, Hong Kong
Lease Term	:	2 years commencing from 3 July 2024 to 2 July 2026 (both days inclusive)
Usage	:	As retail shop
Rent	:	The monthly rent payable is the higher of (i) the basic rent; or (ii) the turnover rent.

The aggregate amount of basic rent covering the whole lease term under the Tenancy Agreement is approximately HK\$3.9 million. The turnover rent is calculated at 13.5% of the monthly gross receipts of the Tenant's business at the Premises for the rental payable month under the lease term. The basic rent shall be paid monthly in advance. In the event of the turnover rent exceeds the basic rent, the Tenant shall pay the difference to the Landlord in accordance with the terms and conditions of the Tenancy Agreement.

Deposit : Approximately HK\$765,000 being paid upon signing of the Tenancy Agreement

Right-of-use asset value : A total of approximately HK\$3.7 million covering the whole lease term

The value (unaudited) of the right-of-use asset to be recognised by the Group under the Tenancy Agreement is approximately HK\$3.7 million which is the present value of rent payments throughout the lease term under the Tenancy Agreement, discounted using the increment borrowing rate and adjustment to fair value at initial recognition of refundable rental deposit and provision for reinstatement costs in accordance with HKFRS 16. Incremental borrowing rate of the lease liability is determined with reference to the prevailing interest rate of the Group's external borrowing.

INFORMATION OF THE LANDLORD

The Landlord is a company incorporated in Hong Kong with limited liability principally engaged in real estate and general agencies business.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Landlord and its ultimate beneficial owners are Independent Third Parties.

REASONS AND BENEFITS FOR THE TENANCY AGREEMENT

The Company is an investment holding company and its subsidiaries are principally engaged in retail of home furniture. Slumvono is principally engaged in retailing and distribution of mattresses and bedding products.

The terms and conditions of the Tenancy Agreement are arrived at after arm's length negotiation between the parties with reference to the prevailing market rental of similar premises in the nearby locations. The Directors considered that the terms and conditions of the Tenancy Agreement are fair and reasonable and the transaction is on normal commercial terms, in the ordinary and usual course of business and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

In accordance with HKFRS 16 “Leases”, the Company will recognise right-of-use assets in the consolidated financial statements of the Company in connection with the tenancy of the Premises. Accordingly, the lease transaction under the Tenancy Agreement will be regarded as acquisition of assets by the Group for the purpose of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the value of the right-of-use assets of the Premises to be recognised under the Tenancy Agreement in accordance with HKFRS 16 “Leases” exceed 5% but are less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction of the Company and is subject to the announcement requirement but exempt from Shareholders’ approval requirement under Chapter 14 of the Listing Rules.

TERMS USED IN THIS ANNOUNCEMENT

“Board” or “Directors”	the board of directors of the Company
“Company”	Ulferts International Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“Landlord” or “Sun Hung Kai Real Estate”	Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of Sun Hung Kai Properties Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Stock Exchange (Stock Code: 0016)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Premises”	Shop No. 243, Level 2, 138 Shatin Rural Committee Road, Shatin, New Territories, Hong Kong
“Shareholder(s)”	holder(s) of ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 28 June 2024 and entered into between the Landlord and the Tenant in relation to the tenancy of the Premises
“Tenant” or “Slumvono”	Slumvono Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

By order of the Board
Ulferts International Limited
Chan Chuen Yin
Executive Director and Managing Director

Hong Kong, 28 June 2024

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

<i>Executive Directors:</i>	Mr. Yeung Ching Loong, Alexander Mr. Chan Chuen Yin Ms. Mok Fung Lin, Ivy Mr. Wong Chi Fai Ms. Fan Man Seung, Vanessa
<i>Independent Non-executive Directors:</i>	Ms. Chan Yee Man Mr. Chiu Kin Fai Mr. Ng Hoi Yue