

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



歐化國際有限公司 Ulferts International Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1711)

2024/2025 INTERIM RESULTS ANNOUNCEMENT

The board of directors (“Board” or “Directors”) of Ulferts International Limited (“Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as “Group”) for the six months ended 30 September 2024 (“Period”).

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

Against the backdrop of a challenging market environment and weakening consumption sentiment, the Group’s total revenue decreased to HK\$79.4 million (2023: HK\$89.6 million) during the Period. Gross profit was HK\$46.3 million (2023: HK\$51.4 million).

Revenue from the retail segment amounted to HK\$74.7 million (2023: HK\$78.9 million), accounting for 94.1% (2023: 88.1%) of the Group’s total revenue. Aggregate retail sales revenue of “*Ulferts*” and “*Ulferts Signature*” amounted to HK\$35.2 million (2023: HK\$42.0 million), and remained the key revenue contributor, accounting for 47.1% (2023: 53.2%) of total retail revenue. The retail sales revenue of “*at • home*” was HK\$20.1 million (2023: HK\$15.8 million), accounting for 26.9% (2023: 20.0%) of total retail revenue. Aggregate retail sales revenue of “*Slumberland*” and “*Ulfenbo*” was HK\$19.4 million (2023: HK\$21.1 million), accounting for 26.0% (2023: 26.8%) of total retail revenue.

Owing to the decline in its total revenue, the Group recorded a net loss of HK\$11.1 million (2023: HK\$9.2 million) during the Period. Basic loss per share was HK1.39 cents (2023: HK1.14 cents).

BUSINESS REVIEW

The Group is a leading retailer of high quality home furniture mainly imported from Europe. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since January 2018.

The Group has been established for over 45 years, and takes pride in providing superior quality stylish furniture in Hong Kong. As at 30 September 2024, the Group operated a total of 24 points-of-sale ("POS") in Hong Kong under the trade names of "*Ulferts Signature*", "*Ulferts*" and "*at • home*", which specialise in furniture products, as well as "*Ulfenbo*" and "*Slumberland*", which specialise in mattresses and bedding products.

"*Ulferts*" and "*Ulferts Signature*" are dedicated to elevating customers' home living standard with style and quality, and offer 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 of modern families.

Targeting the mass market, "*Ulfenbo*" offers mattresses, pillows, sofas and other ancillary items, which are distributed through "*Ulfenbo*" specialty stores, department store counters and wholesale channel.

The Group is the sole agent of "*Slumberland*" and "*Vono*" in Hong Kong and Macau. "*Slumberland*" is a well-known British mattress brand offering premium mattresses for households and hotels, targeting high-end market while "*Vono*", another British mattress brand, targets the mass market. In addition to mattresses, both brands also offer pillows and bedding products and are distributed through "*Slumberland*" specialty store, department store counters, other POS operated by the Group as well as wholesale channel.

In addition, the Group is also operating online shopping platforms for "*Ulferts*", "*at • home*", "*Ulfenbo*" and "*Slumberland*", in order to maximise market coverage and revenue.

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 furniture with a large collection of colours and configurations. 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.

With over 100 years’ history, the British brand “*Slumberland*” targets up-market customers and is committed to providing premium mattresses that enable customers to enjoy better and healthier sleep, while “*Vono*”, another British mattress brand owned by the same supplier targets the mass market. The products of “*Slumberland*” and “*Vono*” are distributed through the stores of “*Ulferts*”, “*at • home*” and “*Ulfenbo*” as well as the specialty store and department store counters of “*Slumberland*”.

“*Ulfenbo*” is a self-owned label which has been recognised by the “Hong Kong Top Brand Mark” for ten 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. “*Ulfenbo*” products focus on mass market consumers who demand quality but affordable mattresses, pillows and other ancillary items to enhance their sleep experience. “*Ulfenbo*” products are distributed through “*Ulfenbo*” 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 “*at • home*” stores and department store counters 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, egoitaliano and MALERBA, 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 home accessories.

The Group also specialises in mattress and bedding products, covering high-end and mass markets. “*Slumberland*” mainly offers mattresses with its unique posture springing system which enhances the comfort and support of the body. Besides, the Group offers mattresses, pillows, sofas, sofabeds, beds, as well as other ancillary items under its self-owned label “*Ulfenbo*”. By providing different models of mattresses and pillows in various sizes with varying supports and features, the Group endeavours to meet diverse customer needs.

- *Comprehensive Retail Sales Channel*

As at 30 September 2024, the Group had 24 POS in Hong Kong, with the number of outlets in each retail line as follows:

	Number of POS
Furniture Products	
“ <i>Ulferts Signature</i> ”	1
“ <i>Ulferts</i> ”	3
“ <i>at • home</i> ”	5
Mattresses and Bedding Products	
“ <i>Slumberland</i> ” store and department store counters	7
“ <i>Ulfenbo</i> ” stores and department store counter	8
Total	24

“*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. Meanwhile, “*Ulfenbo*” stores and department store counters are situated in residential areas, to capitalise on the market potential. During the Period, one “*Slumberland*” store was opened in Shatin and one “*Slumberland*” department store counter was opened in Tsuen Wan.

- *Excellent Customers Shopping Experience*

“*Ulferts Signature*” and “*Ulferts*” showrooms are spacious, with a stylish and elegant environment, enabling the Group to display a wide spectrum of products for customers to touch and feel and to maximise customers’ shopping experience. The ambience, setting and placement of furniture within the distinctive display zones have all been tailor-designed by a dedicated visual merchandising team to impart harmonious, home-like comfort. The salespersons are well-trained and offer customers advice catering for their personal needs. In recognition of its service excellence, “*Ulferts*” received the “Quality Service Leader Seasonal Award – Furniture & Home Accessories Category” for April to June 2024, 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 regularly conducted a range of marketing and promotional campaigns spanning social media engagements, print advertisements, outdoor billboards and advertising 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 companies.

Wholesale Business

The Group operates a wholesale business for mattresses under its self-owned label “*Ulfenbo*” as well as the British brands “*Slumberland*” and “*Vono*”, through over 100 dealers in Hong Kong and Macau.

Special Projects

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

PROSPECTS

The general macro environment will continue to be challenging as the retail market remains competitive and local consumer spending is still conservative due to the current economic situation. In a positive development, the latest interest rate reduction has provided a stimulus for the local property market sentiment, but it will take some time to reflect in the furniture market. The Group will observe the market closely, promptly respond to changes in the market, and continue exercising stringent financial management with an aim of maintaining stable business performance. As a full recovery of the furniture market is yet to come, the Group will adopt a prudent expansion plan, and will keep preparing for reaping the benefits when the operating environment reverses in the future.

FINANCIAL INFORMATION

Capital Structure, Liquidity and Financial Resources

There was no material change in the capital structure during the Period. Cash and cash equivalents of the Group was HK\$34.9 million (31 March 2024: HK\$43.4 million) as at 30 September 2024, which were mainly denominated in Hong Kong dollars. As at 30 September 2024, the Group did not have any bank borrowings (31 March 2024: nil), hence its gearing ratio was zero (31 March 2024: zero). The cash position enables the Group to retain high flexibility and endurance to cater for future development and market uncertainty.

As at 30 September 2024, the Group's current assets and current liabilities were approximately HK\$90.8 million (31 March 2024: HK\$105.7 million) and HK\$59.4 million (31 March 2024: HK\$65.0 million), respectively. Current ratio and quick ratio of the Group were 1.5 (31 March 2024: 1.6) and 0.9 (31 March 2024: 1.0), respectively.

In view of the Group's financial position as at 30 September 2024, the Board considered that the Group had sufficient working capital for its operations and future development plans against market challenges.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2024, the Group's number of employees was 122 (31 March 2024: 126). Total staff costs including Director's remuneration and the other staff costs for the Period were HK\$22.5 million (2023: HK\$23.0 million). Employees' remuneration was determined in accordance with individual's responsibility, competence and skills, experience and performance as well as market pay level. Staff benefits include medical and life insurance, retirement benefits and other competitive fringe benefits.

To provide incentive or rewards to the staff, the Company has adopted a share option scheme, particulars of which will be set out in the section headed "Share Options" of the interim report of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

		Six months ended	
		30 September	
		2024	2023
		(unaudited)	(unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
REVENUE	4	79,375	89,625
Cost of sales		<u>(33,111)</u>	<u>(38,257)</u>
Gross profit		46,264	51,368
Other income and gains	4	1,699	1,779
Selling and distribution expenses		(46,739)	(48,920)
General and administrative expenses		(11,602)	(11,994)
Finance costs		<u>(736)</u>	<u>(1,389)</u>
LOSS BEFORE TAX	5	(11,114)	(9,156)
Income tax	6	<u>–</u>	<u>–</u>
LOSS FOR THE PERIOD AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		<u>(11,114)</u>	<u>(9,156)</u>
Attributable to:			
Owners of the parent		<u>(11,114)</u>	<u>(9,156)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted (expressed in HK cent per share)		<u>(1.39)</u>	<u>(1.14)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024

	<i>Notes</i>	30 September 2024 (unaudited) HK\$'000	31 March 2024 (audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		3,139	3,052
Right-of-use assets		20,030	27,460
Prepayments, deposits and other receivables		3,819	4,125
Deferred tax assets		4,836	4,836
		31,824	39,473
CURRENT ASSETS			
Inventories		37,312	41,127
Trade receivables	9	3,040	3,901
Prepayments, deposits and other receivables		15,507	17,324
Cash and cash equivalents		34,911	43,358
		90,770	105,710
CURRENT LIABILITIES			
Trade and bills payables	10	2,355	2,285
Other payables and accruals		28,566	27,650
Lease liabilities		19,804	28,300
Provisions		7,564	5,663
Tax payable		1,090	1,090
		59,379	64,988
NET CURRENT ASSETS		31,391	40,722
TOTAL ASSETS LESS CURRENT LIABILITIES		63,215	80,195
NON-CURRENT LIABILITIES			
Lease liabilities		6,924	10,889
Provisions		2,694	4,595
		9,618	15,484
Net assets		53,597	64,711
EQUITY			
Equity attributable to owners of the parent			
Share capital		110,337	110,337
Accumulated losses		(56,740)	(45,626)
		53,597	64,711

Notes:

1. 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 2024.

The financial information relating to the year ended 31 March 2024 that is included in this preliminary announcement of interim results 2024 does not constitute the Company’s statutory annual consolidated financial statements for 2024 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 2024 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 2024. 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.

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 2024.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments")
Amendments to HKAS 1	Non-current liabilities with Covenants (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKAS 21	Lack of Exchangeability

The application of the amendments to 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 resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

Substantially all of the Group's revenues from external customers during the six months ended 30 September 2024 and 2023 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

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and the value of project services rendered during the Period.

An analysis of revenue and other income is as follows:

	Six months ended	
	30 September	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Revenue from contracts with customers		
Retail of furniture	74,664	78,902
Wholesale of furniture	3,708	5,852
Special projects	1,003	4,871
	<u>79,375</u>	<u>89,625</u>
Types of goods or services		
Sale of goods	<u>79,375</u>	<u>89,625</u>
Total revenue from contracts with customers	<u>79,375</u>	<u>89,625</u>
Timing of revenue recognition		
At a point in time	<u>79,375</u>	<u>89,625</u>
Total revenue from contracts with customers	<u>79,375</u>	<u>89,625</u>
Other income and gains		
Other service income	1,093	768
Bank interest income	342	955
Government subsidies	257	–
Others	7	56
	<u>1,699</u>	<u>1,779</u>

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Six months ended 30 September	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold and services provided	33,780	37,684
(Write-back)/write-down of inventories to net realisable value	(669)	573
Total amount recognised as cost of sales	<u>33,111</u>	<u>38,257</u>
Depreciation of property, plant and equipment	1,463	1,072
Depreciation of right-of-use assets	16,655	16,966

6. INCOME TAX

The Group did not generate any assessable profits arising in Hong Kong during the Period (2023: Nil).

7. DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (2023: Nil).

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

The calculation of the basic loss per share amounts is based on the loss for the Period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 800,000,000 (2023: 800,000,000) in issue during the Period.

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

	Six months ended 30 September	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Loss		
Loss attributable to ordinary equity holders of the parent used in the basic and diluted loss per share calculation	<u>(11,114)</u>	<u>(9,156)</u>
Shares		
Weighted average number of ordinary shares in issue during the Period used in the basic and diluted loss per share calculation	<u>800,000,000</u>	<u>800,000,000</u>

9. TRADE RECEIVABLES

The Group's retail sales are usually paid in cash or by major credit/debit cards. The Group's trading terms with its wholesale, project and consultancy services customers are mainly on credit, except for new customers, where payment in advance/upon delivery is normally required. The credit period for these customers is generally one to two months, or extending up to six months for major project and consultancy service customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	As at	
	30 September 2024 (unaudited) HK\$'000	31 March 2024 (audited) HK\$'000
Within 1 month	2,987	3,123
1 to 3 months	53	563
Over 3 months	—	215
	<u>3,040</u>	<u>3,901</u>

10. TRADE AND BILLS PAYABLES

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

	As at	
	30 September 2024 (unaudited) HK\$'000	31 March 2024 (audited) HK\$'000
Within 1 month	1,874	1,863
1 to 3 months	267	247
Over 3 months	214	175
	<u>2,355</u>	<u>2,285</u>

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

REVIEW OF INTERIM RESULTS

The condensed consolidated financial statements of the Group for the Period have not been reviewed nor audited by the Company's auditor, Messrs. Ernst & Young, but have been reviewed by the Audit Committee of the Company, which comprises three Independent Non-executive Directors of the Company.

CORPORATE GOVERNANCE

Corporate Governance Code

The Company had complied with all the code provisions as set out in the Corporate Governance Code of Appendix C1 to the Listing Rules throughout the Period.

Model Code for Securities Transactions

The Company has adopted its own code of conduct regarding securities transactions by Directors ("Ulferts Securities Code") on no less exacting terms than the required standards as set out in Appendix C3 to the Listing Rules regarding the 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 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.

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.

PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.UlfertsIntl.com>). The interim report of the Company for the Period will be published on the aforesaid websites and will be despatched to the shareholders of the Company in due course.

By order of the Board
Ulferts International Limited
Yeung Ching Loong, Alexander
Chairman

Hong Kong, 22 November 2024

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

Executive Directors:

Mr. Yeung Ching Loong, Alexander
Mr. Chan Chuen Yin
Ms. Mok Fung Lin, Ivy
Ms. Fan Man Seung, Vanessa
Mr. Wong Chi Fai

Independent Non-executive Directors:

Ms. Chan Yee Man
Mr. Chiu Kin Fai
Mr. Ng Hoi Yue