

INTERIM REPORT
2022/2023



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”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2022 (the “Period”).

	For the six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
Total revenue	118,140	107,821
<i>Retail</i>	105,613	103,826
<i>Wholesale & Special projects</i>	12,527	3,995
Gross profit	72,762	69,332
Net profit	509	562
Basic earnings per share	HK0.06 cent	HK0.07 cent

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

Attributable to the enhanced product portfolio, the Group's total revenue increased by 9.6% to HK\$118.1 million (2021: HK\$107.8 million) during the Period. Gross profit increased to HK\$72.8 million (2021: HK\$69.3 million).

Revenue from the retail segment amounted to HK\$105.6 million (2021: HK\$103.8 million), accounting for 89.4% (2021: 96.3%) of the Group's total revenue. Aggregate retail sales revenue of "**Ulferts**" and "**Ulferts Signature**" amounted to HK\$60.3 million (2021: HK\$67.5 million), and remained the key revenue contributor, accounting for 57.1% (2021: 65.0%) of total retail revenue. The retail sales revenue of "**at • home**" was HK\$20.0 million (2021: HK\$20.2 million), accounting for 18.9% (2021: 19.5%) of total retail revenue. Aggregate retail sales revenue of "**Slumberland**" and "**Ulfenbo**"/"**Domire**" increased to HK\$25.4 million (2021: HK\$16.1 million), accounting for 24.0% (2021: 15.5%) of total retail revenue.

The Group's net profit was HK\$509,000 (2021: HK\$562,000) during the Period. Basic earnings per share was HK0.06 cent (2021: HK0.07 cent).

BUSINESS REVIEW

The Group is a leading retailer of high quality home furniture mainly imported from Europe. The Company has 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 2022, the Group operated 28 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**"/"**Dormire**" 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 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 of modern families.

MANAGEMENT DISCUSSION AND ANALYSIS

Targeting the mass market, “**Ulfenbo**” offers mattresses, pillows, sofas, sofas and other ancillary items, which are distributed through “**Ulfenbo**”/“**Dormire**” speciality 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.

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 which are distributed through wholesaling to over 100 dealers.

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

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 middle income group. The products of "**Slumberland**" and "**Vono**" are distributed through the stores of "**Ulferts**", "**at • home**" and "**Ulfenbo**" as well as department store counters of "**Slumberland**". "**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**"/"**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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

- *Comprehensive Retail Sales Channel*

As at 30 September 2022, the Group had 28 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> ”	4
“ <i>at • home</i> ”	5
Mattresses and Bedding Products	
“ <i>Slumberland</i> ” store and department store counters	6
“ <i>Ulfenbo</i> ”/“ <i>Dormire</i> ” stores, department store counters and pop-up stores	12
Total	28

“*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, a “*Slumberland*” store-within-a-store was opened inside the “*Ulferts*” showroom at Telford Plaza and a “*Slumberland*” counter was opened in a department store in Sham Shui Po.

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, “**Ulferts**” received the “Quality Service Leader Seasonal Award – Furniture & Home Accessories Category” for the period April to June 2022 and 2022 Quality Service Retailer of the Year – Furniture & Home Accessories Category Award, while “**at • home**” received the “Quality Service Leader Seasonal Award – Furniture & Home Accessories Category” for the period July to September 2022, 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 companies.

Wholesale Business

The Group operates a wholesale business spanning mattresses, sofabeds and sofas under its self-owned label “**Ulfenbo**”, through over 200 dealers in Hong Kong and Macau. Based on its long establishment and quality products, the “**Ulfenbo**” brand has been recognised by the “Hong Kong Top Brand Mark” for eight 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. In addition, the Group distributes “**Slumberland**” and “**Vono**” mattresses through over 100 dealers in Hong Kong.

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 designing, through procuring custom-made furniture to final installation for corporate customers, as well as liaison services with furniture manufacturers.

PROSPECTS

During the Period, Hong Kong continued to be plagued by a number of adverse economic and political factors such as geopolitical tension, inflation, financial markets volatility, etc. The macro economic environment had turned bleak despite the earlier mild recovery, and economic growth forecasts continued to be revised downwards. Coupled with expectation of ongoing interest rate hikes, home buyers' confidence was dented, resulting in a weak property market and poor consumption sentiment, which in turn dwindled the demand for furniture. It is anticipated the situation will broadly continue in the remainder of the year.

With a balanced product portfolio built over the past decades covering different market tiers, the Group will be in a position to adjust its strategies to diversify the business risks in the face of a volatile economy and an unfavourable business operating environment. The Group will adhere to its prudent financial and capital management policy and continue to strengthen its position in the market, including through the recent addition of "**Slumberland**" to its portfolio, as well as enriching its offering of compact yet functional furniture, to seize opportunities arising from the small flats market.

MANAGEMENT DISCUSSION AND ANALYSIS

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\$76.2 million (31 March 2022: HK\$76.8 million), which were mainly denominated in Hong Kong dollars. As at 30 September 2022, bank borrowings of the Group was nil (31 March 2022: nil), hence its gearing ratio was zero (31 March 2022: zero). The Group has available banking facilities of approximately HK\$87.7 million as at 30 September 2022. The cash position and the available banking facilities enable the Group to retain high flexibility and endurance to cater for future development and market uncertainty.

As at 30 September 2022, the Group's current assets and current liabilities were approximately HK\$143.5 million (31 March 2022: HK\$153.7 million) and HK\$78.5 million (31 March 2022: HK\$94.0 million), respectively. Current ratio and quick ratio of the Group were 1.8 (31 March 2022: 1.6) and 1.2 (31 March 2022: 1.0), respectively.

In view of the Group's financial position as at 30 September 2022, the Board considered that the Group has sufficient working capital for its operations and future development plans against market challenges.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2022, the Group's number of employees was 138 (2021: 136). Total staff costs including Director's remuneration and the other staff costs for the Period were HK\$24.1 million (2021: HK\$23.2 million). Each employee's remuneration was determined in accordance with individual's responsibility, 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 (2021: Nil).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

	Notes	Six months ended 30 September	
		2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
REVENUE	4	118,140	107,821
Cost of sales		(45,378)	(38,489)
Gross profit		72,762	69,332
Other income and gains	4	2,182	1,275
Selling and distribution expenses		(61,389)	(58,385)
General and administrative expenses		(12,232)	(11,104)
Finance costs		(814)	(556)
PROFIT BEFORE TAX	5	509	562
Income tax	6	–	–
PROFIT FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		509	562
Attributable to:			
Owners of the parent		509	562
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted (expressed in HK cent per share)		0.06	0.07

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2022

		30 September 2022 (unaudited)	31 March 2022 (audited)
	Notes	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		7,897	9,746
Right-of-use assets		58,311	71,227
Prepayments, deposits and other receivables		9,633	10,454
Deferred tax assets		5,311	5,311
Total non-current assets		81,152	96,738
CURRENT ASSETS			
Inventories		48,297	57,833
Trade receivables	9	3,657	3,525
Prepayments, deposits and other receivables		14,619	14,876
Tax recoverable		710	710
Cash and cash equivalents		76,173	76,804
Total current assets		143,456	153,748
CURRENT LIABILITIES			
Trade and bills payables	10	2,512	10,402
Other payables and accruals		36,802	38,108
Lease liabilities		35,204	40,334
Provisions		3,961	5,144
Total current liabilities		78,479	93,988
NET CURRENT ASSETS		64,977	59,760
TOTAL ASSETS LESS CURRENT LIABILITIES		146,129	156,498
NON-CURRENT LIABILITIES			
Lease liabilities		28,090	36,070
Provisions		6,796	5,694
Total non-current liabilities		34,886	41,764
Net assets		111,243	114,734
EQUITY			
Equity attributable to owners of the parent			
Share capital		110,337	110,337
Retained profits		906	4,397
Total equity		111,243	114,734

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Share capital	Retained profits	Total equity
	HK\$'000	HK\$'000	HK\$'000
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 2021	–	(5,040)	(5,040)
At 30 September 2021 (unaudited)	110,337	817	111,154
At 1 April 2022 (audited)	110,337	4,397	114,734
Profit and total comprehensive income for the period	–	509	509
Final dividend recognised and paid for 2022	–	(4,000)	(4,000)
At 30 September 2022 (unaudited)	110,337	906	111,243

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	Six months ended 30 September	
	2022 (unaudited)	2021 (unaudited)
	HK\$'000	HK\$'000
Net cash from operating activities	23,706	27,619
Net cash used in investing activities	(1,301)	(8,180)
Net cash used in financing activities	(23,036)	(21,206)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(631)	(1,767)
Cash and cash equivalents at beginning of period	76,804	93,688
CASH AND CASH EQUIVALENTS AT END OF PERIOD	76,173	91,921
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	76,173	91,921

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

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 2022.

The financial information relating to the year ended 31 March 2022 that is included in this interim report 2022 does not constitute the Company’s statutory annual consolidated financial statements for 2022 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 2022 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 2022. 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 2022

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 2022.

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 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKFRS 16	<i>Covid-19-Related Rent Concessions</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment</i> – <i>Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts</i> – <i>Cost of Fulfilling a Contract</i>
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2018-2020</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 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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

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 2022 and 2021 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	
	2022 (unaudited)	2021 (unaudited)
	HK\$'000	HK\$'000
Revenue from contracts with customers		
Retail of furniture	105,613	103,826
Wholesale of furniture	6,560	3,417
Special projects	5,967	578
	118,140	107,821

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

4. REVENUE AND OTHER INCOME *(Continued)*

	Six months ended 30 September	
	2022 (unaudited)	2021 (unaudited)
	HK\$'000	HK\$'000
Types of goods or services		
Sale of goods	118,140	107,821
Total revenue from contracts with customers	118,140	107,821
Timing of revenue recognition		
At a point in time	118,140	107,821
Total revenue from contracts with customers	118,140	107,821
Other income and gains		
Government subsidies	1,056	–
Other service income	941	1,009
Bank interest income	107	106
Others	78	160
	2,182	1,275

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

5. PROFIT BEFORE TAX

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

	Six months ended 30 September 2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Cost of inventories sold and services provided	44,807	37,658
Net write-down of inventories to net realisable value	571	831
Total amount recognised as cost of sales	45,378	38,489
Depreciation of property, plant and equipment	3,135	4,317
Depreciation of right-of-use assets	20,184	18,226
Loss on disposal of items of property, plant and equipment	15	–

6. INCOME TAX

The Group did not generate any assessable profits arising in Hong Kong during the Period (2021: Nil).

7. DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (2021: Nil).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

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

The calculation of the basic earnings per share amounts is based on the profit for the Period attributable to ordinary equity holders of the parent of HK\$509,000 (2021: HK\$562,000) and the weighted average number of ordinary shares of 800,000,000 (2021: 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	
	2022 (unaudited)	2021 (unaudited)
	HK\$'000	HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic and diluted earnings per share calculation	509	562
Number of shares		
Shares		
Weighted average number of ordinary shares in issue during the Period used in the basic and diluted earnings per share calculation	800,000,000	800,000,000

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

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:

	30 September 2022 (unaudited)	31 March 2022 (audited)
	HK\$'000	HK\$'000
Within 1 month	2,492	2,341
1 to 3 months	1,079	1,072
Over 3 months	86	112
	3,657	3,525

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 2022 (unaudited)	31 March 2022 (audited)
	HK\$'000	HK\$'000
Within 1 month	2,146	7,169
1 to 3 months	354	2,452
Over 3 months	12	781
	2,512	10,402

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

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 2022 (unaudited) HK\$'000	31 March 2022 (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	2,187
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	2,358

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 2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Project sales	4,880	132
Lease expenses	3,746	3,086
Reimbursement of administrative expenses	1,199	1,005
Financial advisory fees	180	180
Company secretarial fees	139	80

The counter-parties of the above transactions 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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

12. RELATED PARTY TRANSACTIONS (Continued)

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

	Six months ended 30 September	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Fees	508	533
Short-term employee benefits	2,640	2,468
Post-employment benefits	68	87
	2,708	2,555
Total compensation paid to key management personnel	3,216	3,088

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 2022, the Director(s) and chief executive(s) 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 position 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 position 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 2022, 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 2022, 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: These 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 2022, the Directors or chief executives of the Company were not aware of any person or corporation (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 has complied with all the code provisions as set out in the Corporate Governance Code under Appendix 14 to the Listing Rules throughout the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company 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 to 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 in 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 eligible participants including the Directors and employees of the Group. No share option was granted under the Share Option Scheme since its adoption.

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 2021/2022 Annual Report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

REVIEW OF INTERIM REPORT

The condensed consolidated interim 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, 17 November 2022

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

Executive Directors:

Mr. Wong Chi Fai
Mr. Chan Chuen Yin
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