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U-RIGHT INTERNATIONAL HOLDINGS LIMITED

(Provisional Liquidators Appointed)

佑威國際控股有限公司 *

(已 委 任 臨 時 清 盤 人)

(Incorporated in Bermuda with limited liability)

(Stock Code: 00627)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2009

The board (the “Board”) of directors of U-RIGHT International Holdings Limited (Provisional Liquidators Appointed) (the “Company”) announces that the consolidated audited results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2009, together with the comparative figures for the corresponding year ended 31 March 2008 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	Notes	2009 HK\$'000	2008 HK\$'000
Turnover	5	124,377	2,079,712
Cost of sales		(52,241)	(1,627,420)
Gross profit		72,136	452,292
Other income	6	4,684	62,603
Selling and distribution costs		(77,233)	(223,636)
Administrative expenses		(6,805)	(68,966)
Amortisation of intangible assets		–	(4,465)
(Loss)/profit from operations		(7,218)	217,828
Loss on deconsolidation of the subsidiaries and impairment on investment costs and due from deconsolidated subsidiaries	8	(1,894,192)	–
Other losses	9	(1,157,283)	–
Finance cost	10	(19,628)	(50,292)
Share of losses of jointly-controlled entities		–	(456)
Impairment of investments in jointly-controlled entities		–	(45,000)
Impairment of property, plant and equipment		–	(36,200)
(Loss)/profit before tax		(3,078,321)	85,880
Income tax expense	11	–	(27,132)
(Loss)/profit for the year	12	<u>(3,078,321)</u>	<u>58,748</u>
Attributable to:			
Equity holders of the Company		(3,078,321)	61,367
Minority interests		–	(2,619)
		<u>(3,078,321)</u>	<u>58,748</u>
(Loss)/earnings per share	13		
Basic (HK cents per share)		<u>(86.24)</u>	<u>1.81</u>
Diluted (HK cents per share)		<u>N/A</u>	<u>1.80</u>

CONSOLIDATED BALANCE SHEET

At 31 March 2009

	Notes	2009 HK\$'000	2008 HK\$'000
Non-current assets			
Property, plant and equipment		—	405,993
Prepaid lease payments		—	72,639
Investment properties		—	105,574
Intangible assets		—	225,750
Investments in jointly-controlled entities		—	4,449
Available-for-sale financial assets	15	—	8,000
Prepayments and deposits		—	383,867
		<hr/>	<hr/>
		—	1,206,272
Current assets			
Inventories		—	372,089
Prepayments, deposits and other receivables		—	442,918
Trade receivables	16	—	346,797
Prepaid lease payments		—	1,874
Available-for-sale financial assets	15	4,000	—
Tax recoverable		—	1,099
Bank and cash balances		2,627	439,348
		<hr/>	<hr/>
		6,627	1,604,125
Current liabilities			
Trade and bills payables	17	—	160,740
Accruals and other payables		5,678	36,373
Due to deconsolidated subsidiaries		417,212	—
Due to jointly-controlled entities		—	122
Current tax liabilities		—	13,878
Interest-bearing borrowings	18	—	580,789
Finance leases payables		—	58
Financial guarantee liabilities	18	1,118,325	—
Derivative financial instruments		—	4,607
Convertible notes	19	65,098	—
		<hr/>	<hr/>
		1,606,313	796,567
Net current (liabilities)/assets		<hr/>	<hr/>
		(1,599,686)	807,558
Total assets less current liabilities		<hr/>	<hr/>
		(1,599,686)	2,013,830

	<i>Notes</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Non-current liabilities			
Interest-bearing borrowings	<i>18</i>	—	309,726
Finance leases payables		—	162
Deferred taxation		—	29,954
Convertible notes	<i>19</i>	—	45,470
		<hr/>	<hr/>
		—	385,312
		<hr/>	<hr/>
NET (LIABILITIES)/ASSETS		<u>(1,599,686)</u>	<u>1,628,518</u>
Capital and reserves			
Share capital		356,936	356,936
(Deficiency)/Reserves		<u>(1,956,622)</u>	<u>1,270,618</u>
Equity attributable to equity holders of the Company		<u>(1,599,686)</u>	1,627,554
Minority interests		—	<u>964</u>
Total Equity		<u>(1,599,686)</u>	<u>1,628,518</u>

NOTES:

1. General

The Company was incorporated in Bermuda on 9 June 2000 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business is 35th Floor, One Pacific Place, 88 Queensway, Hong Kong. The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 13 November 2000. Trading in the shares has been suspended since 17 September 2008.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are engaged in fashion garments business.

2. Winding-up petitions and appointment of provisional liquidators

On 6 October 2008, Deutsche Bank A.G., Hong Kong Branch (the “Petitioner”) petitioned for the winding-up of the Company as the Company could not meet demands for the repayment of outstanding debts (the “Petition”). Upon the application of the Petitioner, on 6 October 2008, Messrs. LAI Kar Yan (Derek) and YEUNG Lui Ming, both of Deloitte Touche Tohmatsu, were appointed as joint and several provisional liquidators (the “Provisional Liquidators”) of the Company by the High Court of the Hong Kong Special Administrative Region (the “High Court”).

The Provisional Liquidators are empowered, inter alia, to take possession of the assets of the Company and its subsidiaries, to close or cease or operate all or any part of the business operations of the Company and its subsidiaries, to take control of such of the subsidiaries of the Company, joint ventures, associated companies or other entities in which the Company or any of its subsidiaries holds an interest and to consider if thought to be in the best interests of creditors of the Company, to enter into discussions and negotiations for and on behalf of the Company for the purpose of, but not limited to, restructuring of the Company’s business, operations, or indebtedness or to implement a scheme of arrangement between the Company and its creditors and/or shareholders for such restructuring.

After the appointment of the Provisional Liquidators on 6 October 2008, the then management of the Company together with the Provisional Liquidators used their best endeavour to maintain the business of the Group both in Hong Kong and the People’s Republic of China (the “PRC”). Notwithstanding subsequent changes in personnels as the Provisional Liquidators gradually replaced the management team, the total turnover achieved by the Group according to the financial statements of the Group for the year ended 31 March 2009 was approximately HK\$124 million.

Due to the lack of working capital affecting a continued flow of new products for the retail market, and against the high shop rental costs, the Provisional Liquidators decided to close down the retail operations pro tem.

Currently, the only business carried out by the Company is garment wholesale trading, which was resumed from early August 2009. The garment trading business carried out by the Group is in the same line with the original principal trading business of the Company prior to the suspension of the trading in its shares on the Stock Exchange.

In mid December 2009, the Group started a discussion with two potential joint venture partners in relation to the establishment of a PRC joint venture to recommence its garment retail business in the PRC and to expand its garment trading business both in the PRC and other countries. It is expected that the PRC joint venture can be set up by early March 2010.

The hearing of the winding-up petition against the Company was originally scheduled on 10 December 2008 and was adjourned by the High Court to 9 February 2009, 11 May 2009, 9 November 2009 and further adjourned to 10 May 2010.

The Petition against the Company will be withdrawn upon the successful implementation of the restructuring of the Company as referred to in note 3 below.

3. Basis of preparation and accounting policies

Going concern

The Group incurred a loss attributable to equity holders of the Company of approximately HK\$3,078,321,000 for the year ended 31 March 2009 (2008: profit of approximately HK\$61,367,000) and as at 31 March 2009 the Group had net current liabilities of approximately HK\$1,599,686,000 (2008: net current assets of approximately HK\$807,558,000) and net liabilities of approximately HK\$1,599,686,000 (2008: net assets of approximately HK\$1,628,518,000) respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

During the year ended 31 March 2009, an event of default occurred in respect of the convertible notes with liability component totaling approximately HK\$65,098,000 as at 31 March 2009 and such amounts have become repayable on demand. The liability component of convertible notes, together with the corresponding finance cost, was therefore reclassified as a current liability.

On 16 May 2009, the Provisional Liquidators, Advance Lead International Limited (the "Investor"), the Company and an escrow agent, entered into the escrow agreement for the implementation of the restructuring proposal. Pursuant to the escrow agreement, the Provisional Liquidators granted the Investor an exclusive right for a period up to 30 June 2010 to negotiate a legally binding restructuring agreement for the implementation of the restructuring proposal.

The Provisional Liquidators appointed Asian Capital (Corporate Finance) Limited as the financial adviser to the Company regarding the restructuring of the Group. The Company is in the process of taking the steps necessary to enable it to prepare a viable resumption proposal to be submitted to the Stock Exchange.

On 30 July 2009, the Stock Exchange issued a letter to place the Company in the second stage of the delisting procedures under Practice Note 17 of the Listing Rules.

On 14 January 2010, a supplementary escrow agreement was executed by the Provisional Liquidators, the Investor, the Company and the escrow agent, setting out the terms on which, in exchange for the Investor providing funds, the debts and liabilities of the Company would be settled through the Scheme of Arrangement (the escrow agreement together with the supplemental escrow agreement collectively referred to as "Restructuring Agreement"). The principal elements of the Restructuring Agreement are as follows:

a) Capital Restructuring

The Company will undergo a capital restructuring, involving a capital reduction, a capital cancellation, a share consolidation, an authorized share capital increase and a cancellation of the existing convertible bonds.

b) Share Subscription

The Company will raise new capital amounting to approximately HK\$150 million by way of the ordinary share subscription and the issue of the convertible bonds to the Investor.

c) Scheme and Debt Restructuring

Pursuant to the restructuring proposal, the Provisional Liquidators will implement a scheme of arrangement to settle the debts owed to the creditors by approximately HK\$50 million cash (from the proceeds of subscription for shares) and by approximately 5% of issued shares of the Company as enlarged by the share subscription.

The financial statements have been prepared on a going concern basis on the basis that the restructuring of the Company will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future.

Should the Group be unable to achieve a successful restructuring and to continue its business as a going concern, adjustments would have to be made to the financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

Deconsolidation of subsidiaries

The financial statements have been prepared based on the books and records currently maintained by the Group. However due to the loss of contact with former directors, the asset freezing orders initiated by creditors and the liquidation of certain subsidiaries, the directors of the Company (the "Directors") considered that the control over the following subsidiaries has been lost from 1 April 2008. The results, assets and liabilities and cash flows of these subsidiaries were deconsolidated from the financial statements of the Group from 1 April 2008.

U-Right Fashion Limited (In Liquidation)
U-Right Enterprise Limited (In Liquidation)
U-Right (Macau) Limited
U-Right Trading Limited (In Liquidation)
Radix Development Company Limited
New Asia Associates Limited
New Asia Associates (HK) Limited (In Liquidation)
Texcote International Limited
Texcote Technology (International) Limited
Texcote Technology Limited
德高化工科技(深圳)有限公司
Texcote Rights Limited
Texnology Nano (BVI) Limited
Texnology Nano International Limited
Texnology Nano Textile (China) Limited (In Liquidation)
Foshan U-Right Nano Textile Limited* (佛山市佑威納米紡織有限公司)
Nanchang Texnology Nano Textile Limited* (南昌市德科納米紡織有限公司)
Jiangsu Texnology Nano Textile Limited* (江蘇德科納米紡織有限公司)
Lakeyre Holdings Limited
Noble Rise Limited
PEZZX (HK) Co Ltd
Uni-Capital Limited (In Liquidation)
U-Right International Limited (In Liquidation)
Sky Fox Investment Limited (In Liquidation)
Eternal Plan Limited
艾博特服飾商貿(上海)有限公司

Foshan U-Right Garment Co., Ltd.* (佛山市佑威服装有限公司)
 需熙服装商贸(上海)有限公司
 U-Right (HK) Limited (In Liquidation)
 U-Right Macau Commercial Offshore Limited
 U-Right Investments (China) Limited
 領瀚投资管理諮詢(上海)有限公司

* *for identification purposes only*

U-Right Garments Limited (In Liquidation), a subsidiary of the Group was placed into Creditors' Voluntary Liquidation on 21 January 2009, the Directors considered that the control over this subsidiary has been lost since then. The results, assets and liabilities and cash flows of this subsidiary were deconsolidated from the financial statements of the Group from 21 January 2009.

4. Adoption of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 April 2008. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

5. Turnover

The Group's turnover is as follows:

	2009 HK\$'000	2008 HK\$'000
Sales of goods	124,377	1,970,133
Processing income	—	109,579
	<u>124,377</u>	<u>2,079,712</u>

6. Other Income

	2009 HK\$'000	2008 HK\$'000
Gross rental income	—	1,495
Interest income	—	9,667
Fair value gain on investment properties	—	41,034
Fair value gain on derivative financial instruments	4,607	4,147
Gain on sales of available-for-sale financial assets	—	1,047
Others	77	5,213
	<u>4,684</u>	<u>62,603</u>

7. Segment Information

Primary reporting format – geographical segments

During the year ended 31 March 2009, all of the Group's revenue were derived from customers and operations based in Hong Kong and accordingly, no analysis of the Group's geographical segments is disclosed. The Group's geographical segments analysis for the year ended 31 March 2008 is as below:

	Hong Kong <i>HK\$ '000</i>	PRC <i>HK\$ '000</i>	Elimination <i>HK\$ '000</i>	Consolidated <i>HK\$ '000</i>
Segment revenue:				
Sales to external customers	289,934	1,789,778	–	2,079,712
Inter-segment sales	2,323	118,654	(120,977)	–
Total revenue	<u>292,257</u>	<u>1,908,432</u>	<u>(120,977)</u>	<u>2,079,712</u>
Segment results	<u>(8,394)</u>	<u>257,772</u>	<u>–</u>	249,378
Unallocated expenses				<u>(31,550)</u>
Profit from operations				217,828
Finance cost				(50,592)
Share of losses of jointly-controlled entities				(456)
Impairment of investments in jointly-controlled entities				(45,000)
Impairment of property, plant and equipment				<u>(36,200)</u>
Profit before tax				<u>85,580</u>
Segment assets	<u>320,677</u>	<u>2,258,422</u>	<u>–</u>	2,579,099
Investments in jointly-controlled entities				4,449
Unallocated assets				<u>226,849</u>
Total assets				<u>2,810,397</u>
Segment liabilities	<u>23,232</u>	<u>174,003</u>	<u>–</u>	197,235
Unallocated liabilities				<u>984,644</u>
Total liabilities				<u>1,181,879</u>
Other segment information:				
Amortisation of intangible assets	–	4,465	–	4,465
Capital expenditure	44,275	14,226	–	58,501
Depreciation	20,979	33,775	–	54,754
Impairment of property, plant and equipment	<u>–</u>	<u>36,200</u>	<u>–</u>	<u>36,200</u>

Secondary reporting format – business segments

For the year ended 31 March 2009, no segment analysis by business segment is presented as the Group principally operated in one business segment, which is the fashion garments business. The Group's business segments analysis for the year ended 31 March 2008 is as below:

	Fashion garments business HK\$'000	Texnology Nano business HK\$'000	Consolidated HK\$'000
Segment revenue:			
Sales to external customers	<u>1,597,944</u>	<u>481,768</u>	<u>2,079,712</u>
Segment assets	<u>2,301,759</u>	<u>277,340</u>	<u>2,579,099</u>
Capital expenditure	<u>55,522</u>	<u>2,979</u>	<u>58,501</u>

8. Loss on deconsolidation of the subsidiaries and impairment on investment costs and due from deconsolidated subsidiaries

	2009 HK\$'000	2008 HK\$'000
Loss on deconsolidation of subsidiaries (<i>note a</i>)	507,838	–
Impairment on investment costs in the deconsolidated subsidiaries	116,931	–
Impairment on due from the deconsolidated subsidiaries	1,269,423	–
	<u>1,894,192</u>	<u>–</u>

a) Loss on deconsolidation of subsidiaries

As disclosed in note 3 of this announcement, the Directors considered that the control over certain subsidiaries had been lost since 1 April 2008. The results, assets and liabilities and cash flows of these subsidiaries were deconsolidated from the financial statements of the Group from 1 April 2008.

U-Right Garments Limited (In Liquidation), a subsidiary of the Group was placed into Creditors' Voluntary Liquidation on 21 January 2009, the Directors considered that the control over this subsidiary had been lost since then. The results, assets and liabilities and cash flows of this subsidiary were deconsolidated from the financial statements of the Group from 21 January 2009.

Net assets/(liabilities) of these subsidiaries as at the dates of loss of control were as follows:

	1 April 2008	21 January 2009	Total
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Property, plant and equipment	405,849	144	405,993
Prepaid lease payments	74,513	—	74,513
Investment properties	105,574	—	105,574
Intangible assets	225,750	—	225,750
Investments in jointly-controlled entities	4,449	—	4,449
Prepayments and deposits – non-current	383,867	—	383,867
Prepayments, deposits and other receivables – current	400,456	36	400,492
Inventories	348,843	—	348,843
Trade receivables	346,312	2,780	349,092
Due to jointly-controlled entities	(122)	—	(122)
Bank and cash balances	438,784	3,224	442,008
Tax recoverable	80	90	170
Trade and bills payables	(153,759)	(6,981)	(160,740)
Accruals and other payables	(31,822)	(6,322)	(38,144)
Current tax liabilities	(13,878)	—	(13,878)
Interest-bearing borrowings	(890,515)	—	(890,515)
Finance leases payables	(220)	—	(220)
Deferred taxation	(29,954)	—	(29,954)
Net amount due to the Group	(822,505)	(10,021)	(832,526)
Net liabilities/(assets) deconsolidated	791,702	(17,050)	774,652
Release of foreign currency translation reserve	(148,919)	—	(148,919)
Minority interests	(964)	—	(964)
Investment costs	(106,931)	(10,000)	(116,931)
Gain/(loss) on deconsolidation of subsidiaries	<u>534,888</u>	<u>(27,050)</u>	<u>507,838</u>
Net cash outflow arising on deconsolidation of subsidiaries:			
Cash and cash equivalents of subsidiaries deconsolidated	<u>(438,784)</u>	<u>(3,224)</u>	<u>(442,008)</u>

9. Other losses

	2009	2008
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Impairment on other receivables	38,958	—
Loss on financial guarantee liabilities	<u>1,118,325</u>	<u>—</u>
	<u>1,157,283</u>	<u>—</u>

10. Finance cost

	2009 HK\$'000	2008 HK\$'000
Interest expenses on:		
Bank loans and overdrafts	–	44,682
Convertible notes wholly repayable within 5 years	19,628	5,518
Finance leases	–	92
	<u>19,628</u>	<u>50,292</u>

11. Income tax expense

	2009 HK\$'000	2008 HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	–	15,000
Over-provision in prior years	–	(404)
Current tax – Overseas		
Provision for the year	–	11,043
Under-provision in prior years	–	1,093
Deferred tax	–	400
	<u>–</u>	<u>27,132</u>

No provision for Hong Kong Profits Tax has been made for the year ended 31 March 2009 as the Group did not generate any assessable profits arising in Hong Kong during the year. Hong Kong Profits Tax was provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong for the year ended 31 March 2008.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax expense and the (loss)/profit before tax is as follows:

	2009 HK\$'000	2008 HK\$'000
(Loss)/profit before tax	<u>(3,078,321)</u>	<u>85,880</u>
Tax at the domestic income tax rate of 16.5% (2008: 17.5%)	(507,923)	15,029
Tax effect of income that is not taxable and expenses that are not deductible	–	(19,560)
Tax effect of expenses that are not deductible	507,923	21,191
Temporary differences not recognised	–	195
Tax effect on losses on jointly-controlled entities	–	80
Tax effect of utilisation of tax losses not previously recognised	–	(567)
Tax effect of unused tax losses not recognised	–	4,003
Under provision of taxation charges	–	689
Effect of different tax rates of subsidiaries operating in other jurisdictions	<u>–</u>	<u>6,072</u>
	<u>–</u>	<u>27,132</u>

12. (Loss)/profit for the year

The Group's (loss)/profit for the year is stated after charging/(crediting) the following:

	2009 HK\$'000	2008 HK\$'000
Directors' emoluments		
As directors	273	396
For management	2,510	2,752
	<u>2,783</u>	<u>3,148</u>
Staff costs (excluding directors' remuneration)		
Salaries, bonus and allowances	—	85,986
Retirement benefits scheme contributions	—	2,664
	<u>—</u>	<u>88,650</u>
Auditor's remuneration		
Current year	380	1,450
Under-provision in prior year	—	180
	<u>380</u>	<u>1,630</u>
Cost of inventories sold	52,241	1,627,420
Net loss on disposals of property, plant and equipment	—	166
Loss on disposals of investment properties	—	120
Depreciation	—	54,754
Fair value gain on investment properties	—	(41,034)
Research and development expenditure	—	10,730
Minimum lease payments under operating leases in respect of land and buildings	—	85,256

13. (Loss)/earnings per share

Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share attributable to equity holders of the Company is based on the loss for the year attributable to equity holders of the Company of approximately HK\$3,078,321,000 (2008: profit attributable to equity holders of the Company of approximately HK\$61,367,000) and the weighted average number of ordinary shares of 3,569,364,916 (2008: 3,391,666,113) in issue during the year.

Diluted (loss)/earnings per share

No diluted loss per share for the year ended 31 March 2009 is presented as the Company did not have any dilutive potential ordinary sharing during the year in respect of the warrants and share options and the effects of all convertible notes are anti-dilutive for the year ended 31 March 2009.

The calculation of diluted earnings per share for the year ended 31 March 2008 attributable to equity holders of the Company is based on the profit for the year attributable to equity holders of the Company of approximately HK\$61,367,000 and the weighted average number of ordinary shares of 3,412,739,622, being the weighted average number of ordinary shares of 3,391,666,113 in issue during the year used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 21,073,509 assumed to have been issued at no consideration on the deemed exercise of the share options outstanding at the balance sheet date.

14. Dividends

The Directors do not recommend the payment of a dividend for the year ended 31 March 2009 (2008: nil).

15. Available-for-sale financial assets

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
At beginning of year	8,000	32,953
Disposals/settlement	(4,000)	(24,953)
At end of year	<u>4,000</u>	<u>8,000</u>

The fair value of the unlisted securities is determined by reference to the agreed amount at disposal subsequent to year end.

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Analysed for reporting purpose as:		
Non-current asset	–	8,000
Current asset	4,000	–
	<u>4,000</u>	<u>8,000</u>

16. Trade receivables

Other than cash and credit card sales, invoices are normally payable within 30 days of issuance, except for certain well-established customers where the terms are extended up to 90 days. Trade receivables are recognised and carried at their original invoiced amounts less allowance for impairment when collection of the full amount is no longer probable. Bad debts are written off as incurred.

An aging analysis of the trade receivables as at the balance sheet date, based on invoice dates, is as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
30 days or less	–	113,132
31 days to 60 days	–	82,904
61 days to 90 days	–	51,366
91 days to 120 days	–	80,733
121 days to 150 days	–	6,585
Over 150 days	–	12,077
	<u>–</u>	<u>346,797</u>

17. Trade and bills payables

An aging analysis of the trade and bills payables as at the balance sheet date, based on invoice dates, is as follows:

	2009 HK\$'000	2008 HK\$'000
30 days or less	—	75,155
31 days to 60 days	—	43,510
61 days to 180 days	—	42,075
	<hr/>	<hr/>
	—	160,740
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18. Interest-bearing borrowings

	2009 HK\$'000	2008 HK\$'000
Bank loans	—	130,959
Export loans	—	29,677
Trust receipt loans	—	266,379
Term and syndicated loans	—	463,500
	<hr/>	<hr/>
	—	890,515
	<hr/> <hr/>	<hr/> <hr/>

The borrowings are repayable as follows:

On demand or within one year	—	580,789
In the second year	—	12,088
In the third to fifth years, inclusive	—	257,781
More than five years	—	39,857
	<hr/>	<hr/>
	—	890,515
Less: Amount due for settlement within 12 months (shown under current liabilities)	—	(580,789)
	<hr/>	<hr/>
Amount due for settlement after 12 months	—	309,726
	<hr/> <hr/>	<hr/> <hr/>

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2009 HK\$'000	2008 HK\$'000
HK\$	—	517,581
RMB	—	12,100
US\$	—	360,834
	<hr/>	<hr/>
	—	890,515
	<hr/> <hr/>	<hr/> <hr/>

At 31 March 2008, the Group's banking facilities were secured by partly/all of (i) corporate guarantees of the Company; (ii) joint and several corporate guarantees provided by the Group's subsidiaries; and (iii) charge over certain leasehold land and buildings, prepaid land lease payments and investment properties of the Group.

The effective interest rates at 31 March 2008 were as follows:

Bank loans	
– floating rate (HK\$19,099,000)	Prime rate minus 1%
– floating rate (HK\$12,100,000)	RMB Benchmark Interest Rate
– floating rate (remaining)	HIBOR plus 0.975% to 1.5%
Export loans	
– floating rate	HIBOR plus 1% to 2.25%
Trust receipt loans	
– floating rate	HIBOR plus 1% to 2.25%
Term and syndicated loans	
– floating rate as per most recent rate fixing (HK\$234,000,000)	2.96%
– floating rate (remaining)	HIBOR plus 1%

The bank loans stated above were deconsolidated from the financial statements of the Group on 1 April 2008. However, since the Company provides corporate guarantees for all the bank loans, the Company is therefore liable to financial guarantee liabilities of approximately HK\$1,118,325,000.

19. Convertible notes

Pursuant to a subscription agreement dated 19 October 2006, the Company issued zero coupon convertible notes with principal value of HK\$60,000,000 on 19 October 2006 ("CN1"). The holders of CN1 are entitled to convert any part of the principal amount into new ordinary shares of the Company at a conversion price of HK\$0.288 each, subject to adjustments, at any time between the date of issue of CN1 and 19 October 2011. Any convertible notes not converted before 19 October 2011 will be redeemed at 137.69 per cent of its principal amount on 19 October 2011. During the year ended 31 March 2008, part of the CN1 with principal value of HK\$30,000,000 has been converted into ordinary shares of the Company.

Pursuant to a subscription agreement dated 16 November 2007, the Company issued convertible notes with principal value of HK\$24,000,000 on 15 November 2007 ("CN2"). The holders of CN2 are entitled to convert any part of the principal amount into new ordinary shares of the Company at a conversion price of HK\$0.341 each, subject to adjustments, at any time between the date of issue of CN2 and 15 November 2010. Any convertible notes not converted before 15 November 2010 will be redeemed at 135.00 per cent of its principal amount on 15 November 2010. CN2 bears interests at 6 months HIBOR plus 1% per annum payable semi-annually until their settlement date.

During the year ended 31 March 2009, an event of default occurred in respect of the convertible notes with liability component totaling approximately HK\$65,098,000 as at 31 March 2009 and such amounts have become repayable on demand. The liability component of convertible notes, together with the corresponding finance cost, was therefore reclassified as a current liability.

The net proceeds received from the issue of CN1 and CN2 have been split between the liability component, derivative component and equity component as follows:

	CN1 <i>HK\$'000</i>	CN2 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Nominal values of convertible notes issued	60,000	24,000	84,000
Transaction costs	(2,944)	(1,276)	(4,220)
Equity component	(6,040)	–	(6,040)
Derivative component	–	(8,754)	(8,754)
	<u>51,016</u>	<u>13,970</u>	<u>64,986</u>
Liability component at date of issue	<u>51,016</u>	<u>13,970</u>	<u>64,986</u>
Liability component at date of issue	51,016	–	51,016
Interest charged	2,409	–	2,409
	<u>53,425</u>	<u>–</u>	<u>53,425</u>
Liability component at 31 March 2007	53,425	–	53,425
Liability component at date of issue	–	13,970	13,970
Interest charged	3,420	2,098	5,518
Conversion into shares	(27,443)	–	(27,443)
	<u>29,402</u>	<u>16,068</u>	<u>45,470</u>
Liability component at 31 March 2008	29,402	16,068	45,470
Interest charged	5,696	13,932	19,628
	<u>35,098</u>	<u>30,000</u>	<u>65,098</u>
Liability component at 31 March 2009	<u>35,098</u>	<u>30,000</u>	<u>65,098</u>

The interest charged for the year ended 31 March 2009 for CN1 and CN2 are calculated with reference to the terms of the convertible notes and taking into consideration that the convertible notes were in default. The interest charged for the year ended 31 March 2008 for CN1 and CN2 are calculated by applying effective interest rates of 10.04% and 28.53% respectively to the liability components since the loan notes were issued.

BUSINESS REVIEW

The principal activity of the Company is investment holding and the principal activities of its subsidiaries were engaged in wholesaling and retailing of fashion garments.

As the current members of the Board have been appointed since 15 January 2009, and there is no contact with former Directors, the Board makes no representation to the business performance during the financial year ended 31 March 2009.

After the appointment of the Provisional Liquidators on 6 October 2008, the then management of the Company together with the Provisional Liquidators used their best endeavour to maintain the business of the Group both in Hong Kong and the PRC. Notwithstanding subsequent changes in personnels as the Provisional Liquidators gradually replaced the management team, the total turnover achieved by the Group according to the financial statements of the Group for the year ended 31 March 2009 was approximately HK\$124 million.

Due to the lack of working capital affecting a continued flow of new products for the retail market, and against the high shop rental costs, the Provisional Liquidators decided to close down the retail operations pro tem.

Currently, the only business carried out by the Company is garment wholesale trading, which was resumed from early August 2009. The garment trading business carried out by the Group is in the same line with the original principal trading business of the Company prior to the suspension of the trading in its shares on the Stock Exchange.

In mid December 2009, the Investor successfully procured the Group to start a discussion with two potential joint venture partners in relation to the establishment of a PRC joint venture to recommence its garment retail business in the PRC and to expand its garment trading business both in the PRC and other countries. It is expected that the PRC joint venture can be set up by early March 2010.

RESTRUCTURING OF THE GROUP

On 16 May 2009, the Company, the Provisional Liquidators, the Investor and an escrow agent, entered into an escrow agreement for the implementation of the restructuring proposal.

On 2 July 2009, UR Group Limited (“UR Group”), a new wholly-owned subsidiary of the Company was incorporated in the British Virgin Islands. UR Group is an investment holding company which beneficially owns 100% interest in both U-RIGHT Trading Development Limited (“URTDL”) and Nano Garment Holdings Limited (“NGHL”). URTDL and NGHL were both incorporated in Hong Kong on 17 July 2009. Since August 2009, the Group’s trading of garments business has been carried out through URTDL.

The Provisional Liquidators have appointed Asian Capital (Corporate Finance) Limited as the financial adviser to the Company for the restructuring of the Group. The Company is in the process of taking the steps necessary to prepare a viable resumption proposal to be submitted to Stock Exchange.

On 14 January 2010, a supplementary escrow agreement was executed by the Provisional Liquidators, the Investor, the Company and the escrow agent, setting out the terms on which, in exchange for the Investor providing funds, the debts and liabilities of the Company would be settled through the Scheme of Arrangement (the escrow agreement together with the supplemental escrow agreement collectively referred to as “Restructuring Agreement”). The principal elements of the Restructuring Agreement are as follows:

a) Capital Restructuring

The Company will undergo a capital restructuring, involving a capital reduction, a capital cancellation, a share consolidation, an authorized share capital increase and a cancellation of the existing convertible bonds.

b) Share Subscription

The Company will raise new capital amounting to approximately HK\$150 million by way of the ordinary share subscription and the issue of the convertible bonds to the Investor.

c) Scheme and Debt Restructuring

Pursuant to the restructuring proposal, the Provisional Liquidators will implement a scheme of arrangement to settle the debts owed to the creditors by approximately HK\$50 million cash (from the proceeds of subscription for shares) and by approximately 5% of issued shares of the Company as enlarged by the share subscription.

The Investor would become a controlling shareholder of the Company upon completion of the proposed restructuring of the Group as contemplated under the Restructuring Agreement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2009.

THE CODE ON CORPORATE GOVERNANCE PRACTICES

Mr. CHUNG Wai Man and Mr. MAK Ka Wing Patrick were appointed as independent non-executive directors of the Company on 15 January 2009. Mr. TANG Kwok Hung was appointed as executive director on 1 February 2010. Consequently, the current Board is unable to comment as to whether the Company has complied with the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the year ended 31 March 2009.

DIVIDEND

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 March 2009.

AUDIT COMMITTEE

By the time the financial statements for the year ended 31 March 2009 of the Group were prepared, no audit committee had been established owing to the current insufficient number of non-executive directors in accordance with Rule 3.21 of the Listing Rules. Appropriate personnel will be appointed as members of audit committee before the resumption of the trading in the shares of the Company.

Since the audit committee has yet to establish, the annual results have not been reviewed by an audit committee.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

The Company's auditor has qualified the report on the Group's consolidated financial statements for the year ended 31 March 2009, an extract of which is as follows:

Basis for disclaimer of opinion

1. Opening balances and corresponding figures

The consolidated financial statements of the Company for the year ended 31 March 2008 which form the basis for the corresponding figures presented in the current year's consolidated financial statements were not audited by us. There were no satisfactory audit procedures to ascertain the existence, accuracy, presentation and completeness of the opening balances and corresponding figures shown in the current year's consolidated financial statements.

2. Loss on deconsolidation of the subsidiaries and impairment on investment costs and due from deconsolidated subsidiaries

As explained in note 3 of this announcement, certain subsidiaries of the Company have been deconsolidated from the Group since 1 April 2008 while U-Right Garments Limited (In Liquidation) has been deconsolidated from the Group since 21 January 2009. No sufficient evidence has been provided to satisfy ourselves as to whether the Company had lost control of the aforesaid certain subsidiaries on 1 April 2008. In addition no sufficient evidence has been provided to satisfy ourselves as to the net assets/(liabilities) amounts of the aforesaid subsidiaries deconsolidated on 1 April 2008 and 21 January 2009 respectively when they were deconsolidated. Furthermore no sufficient evidence has been provided to satisfy ourselves as to the loss on deconsolidation of the subsidiaries and the impairment on investment costs and due from deconsolidated subsidiaries of approximately HK\$1,894,192,000 for the year ended 31 March 2009 as disclosed in note 8 to the consolidated financial statements.

3. Other losses and financial guarantee liabilities

Included in other losses of approximately HK\$1,157,283,000 in the consolidated income statement were an impairment on other receivables of approximately HK\$38,958,000 in relation to balance brought forward from the year ended 31 March 2008. No sufficient evidence has been received by us up to the date of this report in respect of whether this impairment loss should be recognised in the financial statements for the year ended 31 March 2009 or prior years.

No sufficient evidence has been received by us up to the date of this report in respect of the financial guarantee liabilities of approximately HK\$1,118,325,000 in the consolidated balance sheet as at 31 March 2009 and the loss on financial guarantee liabilities of approximately HK\$1,118,325,000 as included in other losses of approximately HK\$1,157,283,000 in the consolidated income statement for the year ended 31 March 2009.

4. *Cash sales*

Included in the turnover of approximately HK\$124,377,000 in the consolidated income statement were cash sales of approximately HK\$82,633,000. No sufficient evidence has been received by us up to the date of this report in respect of whether these cash sales in the sum of HK\$82,633,000 were properly recorded in the consolidated income statement for the year ended 31 March 2009.

5. *Accruals and other payables*

No direct confirmation and other sufficient evidence have been received by us up to the date of this report in respect of the accruals and other payables totaling approximately HK\$763,000 as at 31 March 2009 as included in the accruals and other payables of approximately HK\$5,678,000 in the consolidated balance sheet.

6. *Commitments and contingent liabilities*

No sufficient evidence has been provided to satisfy ourselves as to the existence and completeness of the disclosures of commitments and contingent liabilities as at 31 March 2009.

7. *Related party transactions and balances*

No sufficient evidence has been provided to satisfy ourselves as to the existence and completeness of the disclosures of the related party transactions and balances for the year ended 31 March 2009 as required by Hong Kong Accounting Standard 24 “Related Party Disclosures”.

Any adjustments to the figures as described from points 1 to 7 above might have a significant consequential effect on the Group’s results for the two years ended 31 March 2008 and 2009, the Group’s cash flows for the two years ended 31 March 2008 and 2009 and the financial positions of the Group as at 31 March 2008 and 2009, and the related disclosures thereof in the consolidated financial statements.

Material uncertainty relating to the going concern basis

In forming our opinion, we have considered the adequacy of the disclosures made in note 3 to the consolidated financial statements which explains that the Investor has decided to pursue a restructuring of the Company.

The consolidated financial statements have been prepared on a going concern basis on the assumption that the proposed restructuring of the Company will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future. The consolidated financial statements do not include any adjustments that would result from a failure to complete the restructuring. We consider that the disclosures are adequate. However, in view of the extent of the material uncertainty relating to the completion of the restructuring, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

Disclaimer of opinion: disclaimer on view given by the financial statements

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs and the material uncertainty relating to the going concern basis as described above, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group as at 31 March 2009 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other respects, in our opinion the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PUBLICATION OF INFORMATION ON WEBSITES

This results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.uright-627.info.

By Order of the Board, for
**U-RIGHT International
Holdings Limited**
(Provisional Liquidators Appointed)
Mr. TANG Kwok Hung
Director

Hong Kong, 3 February 2010.

As at the date of this announcement, the Board comprises one executive director, namely Mr. TANG Kwok Hung and two independent non-executive directors, namely Mr. CHUNG Wai Man and Mr. MAK Ka Wing Patrick.

* *For identification purposes only*