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)

Interim Report 2008

* *for identification purposes only*

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

TANG Kwok Hung

Independent Non-Executive Directors

CHUNG Wai Man
MAK Ka Wing Patrick

AUDITOR

ANDA CPA Limited
Unit D, 21st Floor
Max Share Centre
373 King's Road, North Point
Hong Kong

JOINT AND SEVERAL PROVISIONAL LIQUIDATORS

LAI Kar Yan Derek and YEUNG Lui Ming
35th Floor, One Pacific Place
88 Queensway, Hong Kong

REGISTERED OFFICE

Clarendon House,
2 Church Street,
Hamilton HM11,
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

35th Floor, One Pacific Place
88 Queensway, Hong Kong

FINANCIAL REVIEW

The turnover of U-RIGHT International Holdings Limited (Provisional Liquidators Appointed) (the "Company") and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2008 amounted to approximately HK$105 million (six months ended 30 September 2007: approximately HK$990 million), representing a substantial decrease of 89.39% as compared to the corresponding period of last year. The significant decrease in turnover was mainly attributable to the deconsolidation of certain subsidiaries.

The consolidated loss attributable to equity holders of the Company amounted to approximately HK$3,430 million for the six months ended 30 September 2008 (six months ended 30 September 2007: profit of approximately HK$68.78 million). Basic loss per share was approximately HK96.09 cents for the six months ended 30 September 2008 (six months ended 30 September 2007: earnings per share HK2.10 cents).

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

Bank and cash balances as at 30 September 2008 was approximately of HK$0.30 million (31 March 2008: approximately HK$439.35 million). The Group's gearing ratio measured on the basis of the Group's borrowings net of cash and bank balances (net borrowing) related to the net asset value was not applicable as the Group had net liabilities as at 30 September 2008 (31 March 2008: net gearing ratio was 27.7%).

FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong Dollars. The Group currently does not have a foreign currency hedging policy in respect of foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

b) **Credit risk**

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at 30 September 2008 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the condensed consolidated balance sheet. The Group's credit risk is primarily attributable to its available-for-sale financial assets and bank balances. In order to minimise credit risk, management reviews the recoverable amount of each individual receivable regularly to ensure that adequate impairment losses are recognised for irrecoverable receivable. In this regard, management considers that the Group's credit risk is significantly reduced.

The Group has certain concentration of credit risk.

c) **Liquidity risk**

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

d) **Interest rate risk**

At 30 September 2008, the Group did not have significant interest rate risk.

e) **Fair values**

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated balance sheet approximate their respective fair values.

SUSPENSION OF TRADING IN SHARES AND APPOINTMENT OF PROVISIONAL LIQUIDATORS

Trading in the shares of the Company has been suspended since 17 September 2008.

On 6 October 2008, Deutsche Bank A.G., Hong Kong Branch (the "Petitioner") petitioned for the winding-up of the Company (the "Petition") as the Company could not meet demands for the repayment of outstanding debts. 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 endeavours to maintain the business of the Group both in Hong Kong and the People's Republic of China (the "PRC"), despite the subsequent changes in personnels as the Provisional Liquidators gradually replaced the management team.

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 of Hong Kong Limited (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 Petition 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 the section headed "Restructuring of the Group" below.

DECONSOLIDATION OF SUBSIDIARIES

The control over certain 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.

Details of deconsolidation are set out in note 1 to the condensed consolidated financial statements.

RESTRUCTURING OF THE GROUP

On 16 May 2009, the Company, the Provisional Liquidators, Advance Lead International Limited (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 the 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 funds amounting to approximately HK$150 million by way of the ordinary share subscription and the issue of the convertible bonds to the Investor.

c) Provision of loan facility

The Investor will provide a secured revolving loan facility in the sum of HK$10,000,000.00 without any interest to the Company as general working capital.

d) Scheme and Debt Restructuring

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 ("Completion") of the proposed restructuring of the Group as contemplated under the Restructuring Agreement

PROSPECTS

It is anticipated that the financial position of the Group will be substantially improved upon Completion of the proposed restructuring of the Group as contemplated under the Restructuring Agreement as all liabilities arising from the creditors of the Company and creditors of its subsidiaries holding guarantees given by the Company will be compromised and discharged through the proposed Hong Kong scheme, to be approved by the creditors of the Company and the High Court.

Upon Completion, the Company's shares will resume trading on the Stock Exchange subject to the approval of the Stock Exchange.

It is the Group's intention to expand its trading of fashion garments currently conducted through URTDL and to form a joint venture with a party to carry out PRC retailing business of fashion garments. 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 the early of March 2010.

On 30 July 2009, the Stock Exchange issued a letter (the "Letter") to the Provisional Liquidators to state that the Stock Exchange had placed the Company in the second stage of the delisting procedures under Practice Note 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") after taking into consideration that the Company had not submitted any resumption proposal to the Stock Exchange before 20 July 2009 and it did not have an operation in compliance with Rule 13.24 of the Listing Rules as of the date of the Letter. The Company is required to submit a viable resumption proposal to the Stock Exchange at least 10 business days before 29 January 2010, the expiry of the six months period from the date the Company was placed in the second stage of the delisting procedures. At the end of this six months period and after considering any resumption proposal the Company may have submitted, the Stock Exchange will determine whether or not it would be appropriate to place the Company in the third stage of the delisting procedures.

In placing the Company in the second stage of the delisting procedures, the Stock Exchange also set out, in the Letter, that a viable resumption proposal should enable the Company to meet the following conditions:

1. demonstrate that the Company has a sufficient level of operations or has assets of sufficient value as required under Rule 13.24 of the Listing Rules;

2. demonstrate that the Company has adequate financial reporting system and internal control procedures to enable the Company to meet its obligations under the Listing Rules;

3. publish all outstanding financial results and address any concerns that may be raised by auditors through qualification of their audit reports; and

4. withdraw and/or dismiss the Petition, and discharge the Provisional Liquidators.

The Group is now finalizing a resumption proposal and will make submission to the Stock Exchange in due course.

The Company is confident that, with the Investor's strong support, the Group will be able to gain a strong foothold in the fashion garments business and achieve a substantial level of operations within a reasonable period of time after the resumption of trading in the Company's shares on the Stock Exchange.

SIGNIFICANT INVESTMENTS

On the basis of the available books and records, the Group did not have any significant investment throughout the period.

INTERIM DIVIDEND

The directors of the Company (the "Directors") do not recommend the payment of an interim dividend for the six months ended 30 September 2008.

CAPITAL STRUCTURE

For the six months ended 30 September 2008, there was no change in the capital structure and issued share capital of the Company. Details of the capital structure of the Company are set out in note 16 to the condensed consolidated financial statements.

CONTINGENT LIABILITIES

Details of contingent liabilities are set out in note 17 to the condensed financial statements.

HUMAN RESOURCES

Due to the failure to get access to the books and records of certain subsidiaries, the resignation of the major management personnel and the recent appointment of the existing two independent non-executive Directors in January 2009 and the existing executive Director in February 2010, they do not make representation to the number and remuneration of employees, remuneration policies, and the retirement benefits scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CHARGES ON GROUP ASSETS

As at 30 September 2008, there were no charges on the Group's assets.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2008, the interests and short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any associated corporation within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept by the Company under 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 of Listed Companies (the "Model Code"), were as follows:

(1) Interests in shares of the Company

Name of director	Long/ Short position	Capacity	Number of ordinary shares of the Company interested	Percentage of the Company's issued share capital
Mr. Leung Ngok	Long	Beneficial owner	109,221,000	3.06%
	Long	Founder of a discretionary trust	1,094,541,179 *(Note)*	30.66%

Note:

These shares were owned by ACE Target (PTC) Inc. as trustee of The Target Unit Trust, a unit trust of which all of the units in issue are owned by Trident Trust Company (B.V.I.) Limited as trustee of The Leung Ngok Family Trust, a discretionary trust of which the objects include Mr. Leung Ngok's family members.

Accordingly, Mr. Leung Ngok, as founder of The Leung Ngok Family Trust, was deemed to be interested in the shares owned by ACE Target (PTC) Inc. in its capacity as the trustee of The Target Unit Trust under Part XV of the SFO.

(2) Interests in underlying shares of the Company – physically settled unlisted equity derivatives

Name of director	Long/ Short position	Capacity	Number of underlying shares in respect the share options granted	Percentage of the shares over the Company's issued share capital
Mr. Leung Shing	Long	Beneficial owner	25,000,000	0.70%
Mr. Leung Siu Kan, Stephen	Long	Beneficial owner	25,000,000	0.70%

Save as disclosed above, as at 30 September 2008, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have taken under such provisions of the SFO) or which were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code nor had there been any grant or exercise of rights during the period.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2008, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company.

Name of shareholder	Long/ Short position	Capacity	Number of ordinary shares of the Company interested	Percentage of the Company's issued share capital
ACE Target (PTC) Inc.	Long	Trustee	1,094,541,179 *(Note (1))*	30.66%
Trident Trust Company (B.V.I.) Limited	Long	Trustee	1,094,541,179 *(Note (1))*	30.66%
Ms. Yim Yuk Lam	Long	Interest of spouse	1,203,762,179 *(Note (2))*	33.72%
Deutsche Bank Aktiengesellschaft	Long	Beneficial owner	222,066,624	6.22%

Notes:

(1) Such interest was also disclosed as the interest of Mr. Leung Ngok in the above section headed "Directors' Interests and Short Position in the Shares, Underlying Shares and Debentures".

(2) Ms. Yim Yuk Lam was deemed to be interested in the 1,203,762,179 shares of the Company through interest of her spouse, Mr. Leung Ngok.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 September 2008.

INFORMATION ON SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives or rewards to eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest (the "Invested Entity"). Eligible participants of the Scheme include the directors and employees of the Company, its subsidiaries or any Invested Entity, suppliers and customers of the Group or any Invested Entity, any person or entity that provides research, development or other technological support to the Group or any Invested Entity, and any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity. The Scheme should, unless otherwise terminated or amended, remain in force for ten years from 17 July 2002.

A summary of the movement of share options granted under the share option scheme of the Company during the six months ended 30 September 2008 is as follows:

Name or category of participants	Date of grant	Exercise period	Exercise price per share	*Weighted average closing price of shares	Number of share options outstanding at 1 April 2008	Number of share options exercised during the period	Number of share options cancelled/ lapsed during the period	Number of share options outstanding at 30 September 2008
			HK$	*HK$*				
Directors								
Mr. Leung Shing	6 November 2006	6 November 2006-5 November 2009	0.255	N/A	25,000,000	Nil	Nil	25,000,000
Mr. Leung Siu Kan, Stephen	6 November 2006	6 November 2006-5 November 2009	0.255	N/A	25,000,000	Nil	Nil	25,000,000
					50,000,000	Nil	Nil	50,000,000

* Weighted average closing price of shares is the weighted average closing price of the Company's shares for the five business days immediately before the dates on which the options were exercised.

CODE ON CORPORATE GOVERNANCE PRACTICES

Mr. CHUNG Wai Man, Mr. MAK Ka Wing Patrick and Mr. TANG Kwok Hung were appointed as directors of the Company on 15 January 2009, 15 January 2009 and 1 February 2010 respectively. Consequently, the current board of Directors (the "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 six months ended 30 September 2008.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. As the current members of the Board were appointed on 15 January 2009 or 1 February 2010, the Board makes no representation as to whether the then Directors had complied with the required standard set out in the Model Code throughout the six months ended 30 September 2008.

NON-COMPLIANCE WITH RULES 3.10 AND 3.21 OF THE LISTING RULES

As of the date of issuing this report, the Board included one executive Director and only two independent non-executive Directors. The Company has been identifying a right candidate for appointment of the third independent non-executive Director and reconstitution of the audit committee in order to meet the requirements under Rules 3.10(1), 3.10(2) and 3.21 of the Listing Rules.

AUDIT COMMITTEE

By the time the financial statements for the six months ended 30 September 2008 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 interim results have not been reviewed by the audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2008

	Notes	Six months ended 30 September 2008 HK$'000 (unaudited)	2007 HK$'000 (unaudited)
Turnover	3	105,058	989,756
Cost of sales		(42,805)	(737,942)
Gross profit		62,253	251,814
Other income	4	4,607	3,953
Selling and distribution costs		(45,295)	(96,484)
Administrative expenses		(5,273)	(53,404)
Amortisation of intangible assets		–	(2,031)
Profit from operations		16,292	103,848
Loss on deconsolidation of the subsidiaries and impairment on investment costs and due from deconsolidated subsidiaries	6	(2,270,449)	–
Other losses	7	(1,157,283)	–
Finance cost	8	(18,529)	(21,301)
Share of losses of jointly-controlled entities		–	(835)
(Loss)/profit before tax		(3,429,969)	81,712
Income tax expense	9	–	(9,936)
(Loss)/profit for the period	10	(3,429,969)	71,776
Attributable to:			
Equity holders of the Company		(3,429,969)	68,775
Minority interests		–	3,001
		(3,429,969)	71,776
(Loss)/earnings per share	11		
Basic (HK cents per share)		(96.09)	2.10
Diluted (HK cents per share)		(96.09)	2.10

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2008

	Notes	At 30 September 2008 HK$'000 (unaudited)	At 31 March 2008 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		144	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		–	8,000
Prepayments and deposits		–	383,867
		144	1,206,272
Current assets			
Inventories		8,659	372,089
Prepayments, deposits and other receivables		183	442,918
Trade receivables	13	2,780	346,797
Prepaid lease payments		–	1,874
Available-for-sale financial assets		6,400	–
Tax recoverable		1,019	1,099
Bank and cash balances		304	439,348
		19,345	1,604,125
Current liabilities			
Trade and bills payables	14	6,981	160,740
Accruals and other payables		10,722	36,373
Due to deconsolidated subsidiaries		770,796	–
Due to jointly-controlled entities		–	122
Current tax liabilities		–	13,878
Interest-bearing borrowings		–	580,789
Finance leases payables		–	58
Financial guarantee liabilities	15	1,118,325	–
Derivative financial instruments		–	4,607
Convertible notes		63,999	–
		1,970,823	796,567
Net current (liabilities)/assets		(1,951,478)	807,558
Total assets less current liabilities		(1,951,334)	2,013,830

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2008

	Notes	At 30 September 2008 *HK$'000* (unaudited)	At 31 March 2008 *HK$'000* (audited)
Non-current liabilities			
Interest-bearing borrowings		–	309,726
Finance leases payables		–	162
Deferred taxation		–	29,954
Convertible notes		–	45,470
		–	385,312
NET (LIABILITIES)/ASSETS		(1,951,334)	1,628,518
Capital and reserves			
Share capital	16	356,936	356,936
(Deficiency)/Reserves		(2,308,270)	1,270,618
Equity attributable to equity holders of the Company		(1,951,334)	1,627,554
Minority interests		–	964
TOTAL EQUITY		(1,951,334)	1,628,518

Approved by: **TANG Kwok Hung** *Director* **CHUNG Wai Man** *Director*

3 February 2010

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2008

	Attributable to equity holders of the Company										
	Share capital	Share premium account	Property revaluation reserve	Statutory reserve	Foreign currency translation reserve	Capital reserve	Share-based compensation reserve	Retained profits/ (accumulated losses)	Total	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2007	293,770	470,460	51,325	220	31,893	6,040	6,757	384,202	1,244,667	22,994	1,267,661
Expenses incurred in connection with placement	–	(4,000)	–	–	–	–	–	–	(4,000)	–	(4,000)
Net expense recognised directly in equity	–	(4,000)	–	–	–	–	–	–	(4,000)	–	(4,000)
Profit for the period	–	–	–	–	–	–	–	68,775	68,775	3,001	71,776
Total recognised income and expense for the period	–	(4,000)	–	–	–	–	–	68,775	64,775	3,001	67,776
Issue of shares on											
– Exercise of share options	7,005	10,858	–	–	–	–	–	–	17,863	–	17,863
– Placement	40,000	104,000	–	–	–	–	–	–	144,000	–	144,000
– Conversion of convertible notes	10,417	20,047	–	–	–	(3,020)	–	–	27,444	–	27,444
At 30 September 2007 (unaudited)	351,192	601,365	51,325	220	31,893	3,020	6,757	452,977	1,498,749	25,995	1,524,744
At 1 April 2008	356,936	614,493	56,493	220	148,919	3,020	1,904	445,569	1,627,554	964	1,628,518
Loss for the period	–	–	–	–	–	–	–	(3,429,969)	(3,429,969)	–	(3,429,969)
Total recognised income and expense for the period	–	–	–	–	–	–	–	(3,429,969)	(3,429,969)	–	(3,429,969)
Deconsolidation of subsidiaries	–	–	(56,493)	–	(148,919)	–	–	56,493	(148,919)	(964)	(149,883)
At 30 September 2008 (unaudited)	356,936	614,493	–	220	–	3,020	1,904	(2,927,907)	(1,951,334)	–	(1,951,334)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2008

	Six months ended 30 September 2008 *HK$'000* (unaudited)	2007 *HK$'000* (unaudited)
Net cash (used in)/generated from operating activities	(1,860)	17,989
Net cash used in investing activities	(437,184)	(334,067)
Net cash generated from financing activities	–	199,863
Net decrease in cash and cash equivalents	(439,044)	(116,215)
Cash and cash equivalents at beginning of period	439,348	549,182
Cash and cash equivalents at end of period	304	432,967
Analysis of cash and cash equivalents		
Bank and cash balances	304	432,967
	304	432,967

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

U-RIGHT International Holdings Limited (Provisional Liquidators Appointed) (the "Company", together with its subsidiaries, the "Group") is an investment holding company. Its subsidiaries are principally engaged in fashion garments business.

The principal accounting policies adopted in the unaudited condensed consolidated interim financial statements are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 March 2008, except for the adoption of the new standards, amendments to standards and interpretations which are effective for the accounting periods beginning on or after 1 April 2008.

The adoption of the above has no material impact to the Group's unaudited condensed consolidated interim financial statements.

Going concern

The Group incurred a loss attributable to equity holders of the Company of approximately HK$3,429,969,000 for the six months ended 30 September 2008 (six months ended 30 September 2007: profit of approximately HK$68,775,000) and as at 30 September 2008 the Group had net current liabilities of approximately HK$1,951,478,000 and net liabilities of approximately HK$1,951,334,000 respectively (31 March 2008: net current assets of approximately HK$807,558,000 and net assets of approximately HK$1,628,518,000). 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 six months ended 30 September 2008, an event of default occurred in respect of the convertible notes with liability component totaling approximately HK$63,999,000 as at 30 September 2008 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.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

Going concern (Continued)

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").

On 16 May 2009. the Provisional Liquidators. Advance Lead International Limited (the "Investor"), the Company and an escrow agent, entered into an 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 for 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 the Company to state that the Stock Exchange had placed the Company in the second stage of the delisting procedures under Practice Note 17 of the Listing Rules.

On 14 January 2010, the Provisional Liquidators, the Investor, the Company and the escrow agent, entered into a supplemental escrow agreement. Pursuant to the supplemental escrow agreement, the final restructuring proposal to be formulated shall include, inter alia, (i) a capital restructuring; (ii) a subscription of new shares and convertible bonds of the Company; (iii) a provision of loan facility; and (iv) a creditors' scheme of arrangement.

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 obligation as they fall due in the foreseeable future.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

Going concern (Continued)

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)

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

Deconsolidation of subsidiaries (Continued)

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.* (佛山市佑威服裝有限公司)
霈熙服裝商貿(上海)有限公司
U-Right (HK) Limited (In Liquidation)
U-Right Macau Commercial Offshore Limited
U-Right Investments (China) Limited
領瀚投資管理諮詢(上海)有限公司

* *for identification purposes only*

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, 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 period beginning on 1 April 2008. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies presentation of the Group's financial statements and amounts reported for the current period 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.

3. TURNOVER

The Group's turnover is as follows:

	Six months ended 30 September	
	2008	**2007**
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Sales of goods and processing income	105,058	989,756

4. OTHER INCOME

	Six months ended 30 September	
	2008	**2007**
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Fair value gain on derivative financial instruments	4,607	–
Others	–	3,953
	4,607	3,953

5. SEGMENT INFORMATION

Primary reporting format – geographical segments

During the six months ended 30 September 2008, 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 six months ended 30 September 2007 is as below:

	Six months ended 30 September 2007			
	Hong Kong	**PRC**	**Elimination**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Segment revenue:				
Sales to external customers	112,510	877,246	–	989,756
Inter-segment sales	597	50,505	(51,102)	–
Total revenue	113,107	927,751	(51,102)	989,756
Segment results	5,132	129,692	–	124,560
Unallocated expenses				(20,712)
Profit from operations				103,848
Finance cost				(21,301)
Share of losses of jointly-controlled entities				(835)
Profit before tax				81,712
Income tax expense				(9,936)
Profit for the period				71,776

5. SEGMENT INFORMATION (Continued)

Secondary reporting format – business segments

For the six months ended 30 September 2008, no segment analysis by business segment is presented as the Group was principally engaged in fashion garments business. The Group's business segments analysis for the six months ended 30 September 2007 is as below:

	Six months ended 30 September 2007			
	Fashion garments business	**Texnology Nano business**	**Elimination**	**Consolidation**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:				
Sales to external customers	710,694	279,062	–	989,756
Inter segment sales	44,001	7,101	(51,102)	–
Total revenue	754,695	286,163	(51,102)	989,756

6. LOSS ON DECONSOLIDATION OF THE SUBSIDIARIES AND IMPAIRMENT ON INVESTMENT COSTS AND DUE FROM DECONSOLIDATED SUBSIDIARIES

	Six months ended 30 September	
	2008	**2007**
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss on deconsolidation of subsidiaries (note a)	534,888	–
Impairment on investment costs in the deconsolidated subsidiaries	106,931	–
Impairment on due from the deconsolidated subsidiaries	1,628,630	–
	2,270,449	–

6. LOSS ON DECONSOLIDATION OF THE SUBSIDIARIES AND IMPAIRMENT ON INVESTMENT COSTS AND DUE FROM DECONSOLIDATED SUBSIDIARIES (Continued)

a) *Loss on deconsolidation of subsidiaries*

The control over certain subsidiaries has 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.

Net assets of these subsidiaries as at 1 April 2008 were as follows:

	HK$'000 (unaudited)
Property, plant and equipment	405,849
Prepaid lease payments	74,513
Investment properties	105,574
Intangible assets	225,750
Investments in jointly-controlled entities	4,449
Prepayments and deposits - non-current	383,867
Prepayments, deposits and other receivables - current	400,456
Inventories	348,843
Trade receivables	346,312
Due to jointly-controlled entities	(122)
Bank and cash balances	438,784
Tax recoverable	80
Trade and bills payables	(153,759)
Accruals and other payables	(31,822)
Current tax liabilities	(13,878)
Interest-bearing borrowings	(890,515)
Finance leases payables	(220)
Deferred taxation	(29,954)
Net amount due to the Group	(822,505)
Net assets deconsolidated	791,702
Release of foreign currency translation reserve	(148,919)
Minority interests	(964)
Investment costs	(106,931)
Loss on deconsolidation of subsidiaries	534,888
Net cash outflow arising on deconsolidation of subsidiaries:	
Cash and cash equivalents of subsidiaries deconsolidated	(438,784)

7. OTHER LOSSES

	Six months ended 30 September 2008 HK$'000 (unaudited)	2007 HK$'000 (unaudited)
Impairment on other receivables	38,958	–
Loss on financial guarantee liabilities	1,118,325	–
	1,157,283	–

8. FINANCE COST

	Six months ended 30 September 2008 HK$'000 (unaudited)	2007 HK$'000 (unaudited)
Interest expenses on:		
Bank loans and overdrafts	–	21,228
Convertible notes wholly repayable within 5 years	18,529	–
Finance leases	–	73
	18,529	21,301

9. INCOME TAX EXPENSE

	Six months ended 30 September	
	2008	**2007**
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current period provision:		
Hong Kong	–	6,301
Overseas	–	3,635
Income tax expense	–	9,936

No provision for Hong Kong Profits Tax has been made for the six months ended 30 September 2008 (2007: approximately HK$6,301,000) as the Group did not generate any assessable profits arising in Hong Kong during the period.

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.

10. (LOSS)/PROFIT FOR THE PERIOD

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

	Six months ended 30 September	
	2008	**2007**
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Depreciation	–	28,721
Minimum lease payments under operating leases in respect of land and buildings	–	36,392
Staff costs	–	31,062

11. (LOSS)/EARNINGS PER SHARE

The calculations of the basic and diluted (loss)/earnings per share are based on the following:

	Six months ended 30 September	
	2008	**2007**
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
(Loss)/profit		
(Loss)/profit attributable to equity holders of the Company, used in basic (loss)/earnings per share calculation	(3,429,969)	68,775
Finance costs saving on conversion of convertible bonds outstanding	–	2,044
(Loss)/profit attributable to equity holders of the Company, used in diluted (loss)/earnings per share calculation	(3,429,969)	70,819
Number of shares		
Weighted average number of ordinary shares used in basic (loss)/earnings per share calculation	3,569,365	3,223,478
Effect of dilutive potential ordinary shares arising from convertible bonds outstanding	–	104,167
Weighted average number of ordinary shares used in diluted (loss)/earnings per share calculation	3,569,365	3,327,645

During the six months ended 30 September 2008, the Company did not have any dilutive potential ordinary sharing in respect of the warrants and share options and the effects of all convertible notes are anti-dilutive.

12. DIVIDENDS

The Directors did not recommend the payment of an interim dividend for the six months ended 30 September 2008 (2007: nil).

13. 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:

	At 30 September 2008	**At 31 March 2008**
	HK$'000	*HK$'000*
	(unaudited)	(audited)
30 days or less	2,780	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
	2,780	346,797

14. TRADE AND BILLS PAYABLES

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

	At 30 September 2008	At 31 March 2008
	HK$'000	*HK$'000*
	(unaudited)	(audited)
30 days or less	6,981	75,155
31 days to 60 days	–	43,510
61 days to 180 days	–	42,075
	6,981	160,740

15. FINANCIAL GUARANTEE LIABILITIES

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.

16. SHARE CAPITAL

	30 September 2008 *HK$'000* (unaudited)	31 March 2008 *HK$'000* (audited)
Authorised:		
5,000,000,000 ordinary shares of HK$0.10 each	500,000	500,000
Issued and fully paid:		
3,569,364,916 ordinary shares of HK$0.10 each	356,936	356,936

17. CONTINGENT LIABILITIES

The Directors were not aware of any significant contingent liabilities of the Group as at 30 September 2008.

18. CAPITAL COMMITMENTS

The Group has no material capital commitment as at 30 September 2008.

19. EVENTS AFTER THE BALANCE SHEET DATE

Winding-up of the Company

On 6 October 2008, the Petitioner petitioned for the winding-up of the Company as the Company could not meet demands for the repayment of outstanding debts. 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 Provisional Liquidators by the High Court.

On 21 January 2009, U-Right Garments Limited, a subsidiary of the Group was placed into creditors' voluntary liquidation, 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 Group from 21 January 2009.

19. EVENTS AFTER THE BALANCE SHEET DATE (Continued)

Winding-up of the Company (Continued)

On 16 May 2009, the Provisional Liquidators, the Investor, the Company and an escrow agent, entered into an 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 submitted by the Investor.

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 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 the Company to state that the Stock Exchange had placed the Company in the second stage of the delisting procedures under Practice Note 17 of the Listing Rules after taking into consideration that the Company had not submitted any resumption proposal to the Stock Exchange before 20 July 2009 and it did not have an operation in compliance with Rule 13.24 of the Listing Rules as of the date of the letter. The Company is required to submit a viable resumption proposal on or before 29 January 2010.

On 7 August 2009, the Directors appointed ANDA CPA Limited as the new auditors of the Company pursuant to Clause 157 of bye-laws of the Company.

19. EVENTS AFTER THE BALANCE SHEET DATE (Continued)

Winding-up of the Company (Continued)

On 9 November 2009, the High Court ordered that the Petition be further adjourned to 10 May 2010.

On 14 January 2010, the Provisional Liquidators, the Investor, the Company and the escrow agent, entered into a supplemental escrow agreement. Pursuant to the supplemental escrow agreement, the final restructuring proposal to be formulated shall include, inter alia, (i) a capital restructuring; (ii) a subscription of new shares and convertible bonds of the Company; (iii) a provision of loan facility; and (iv) a creditors' scheme of arrangement.