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 Report 2010

* *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

The directors (the "Directors") of U-RIGHT International Holdings Limited (Provisional Liquidators Appointed) (the "Company") are pleased to present their report and the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are wholesale and retail of fashion garments and trading of garment materials.

RESULTS AND APPROPRIATIONS

For the year ended 31 March 2010, the Group's turnover was approximately HK$92.31 million (2009: approximately HK$124.38 million), representing a decrease of approximately 25.78% from the last financial year. The results of the Group for the year ended 31 March 2010 are set out in the consolidated statement of comprehensive income on page 24.

The consolidated loss attributable to equity holders of the Company and minority interests amounted to approximately HK$0.59 million for the year ended 31 March 2010 (2009: approximately HK$3,078.32 million). Loss per share was approximately 0.02 HK cents as compared with loss per share of approximately 86.24 HK cents for the preceding year.

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2010 (2009: nil).

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

Bank and cash balances as at 31 March 2010 was approximately HK$3.37 million (2009: approximately HK$2.63 million). The Group's gearing ratio measured on the basis of the Group's borrowings net of bank and cash balances (net borrowing) related to the net asset value as at 31 March 2009 and 2010 is not applicable as the Group had net liabilities.

CAPITAL STRUCTURE

Details of the capital structure of the Company are set out in notes 27, 28 and 29 to the financial statements.

FOREIGN CURRENCY EXPOSURE

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities or United States dollars for Hong Kong dollar functional currency Group entities.

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.

WINDING-UP PETITION AND APPOINTMENT OF PROVISIONAL LIQUIDATORS

On 6 October 2008, Deutsche Bank A.G., Hong Kong Branch (the "Petitioner") presented petitions (the "Petitions" and each referred to as "Petition") to the High Court (the "High Court") of the Hong Kong Special Administrative Region ("Hong Kong") for the winding up of each of the Company and Uni-Capital Limited (In Liquidation) ("Uni-Capital"), an indirectly wholly-owned subsidiary of the Company, as the Company and Uni-Capital could not meet demands made against the Company and Uni-Capital for the repayment of outstanding debts. Upon the application of the Petitioner, Messrs. LAI Kar Yan Derek and YEUNG Lui Ming of Deloitte Touche Tohmatsu were appointed jointly and severally as provisional liquidators of the Company (the "Provisional Liquidators") and Uni-Capital pursuant to the orders both dated 6 October 2008 made by the High Court.

The Provisional Liquidators are empowered, inter alia, to take possession of the assets of the Group, to close or cease or operate all or any part of the business operations of the Group, 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.

WINDING-UP PETITION AND APPOINTMENT OF PROVISIONAL LIQUIDATORS (continued)

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"). Notwithstanding the subsequent changes in personnel 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 2010 was approximately HK$92 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 the more appropriate course was to close down the retail operations at least for the time being.

The hearing of the Petition against the Company was originally scheduled on 10 December 2008 and the High Court adjourned the hearing of the Petition against the Company to 18 October 2010. A winding up order against Uni-Capital was granted by the High Court on 9 November 2009.

It is expected that 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.

RESTRUCTURING OF THE GROUP

On 16 May 2009, the Provisional Liquidators, Advance Lead International Limited (the "Investor"), the Company and an escrow agent entered into an escrow agreement (as supplemented by the 1st Supplemental Escrow Agreement and the 2nd Supplemental Escrow Agreement dated 14 January 2010 and 30 June 2010 respectively) (hereinafter collectively referred as the "Escrow Agreement" unless otherwise specified) in anticipation of the implementation of the restructuring proposal. Pursuant to the Escrow Agreement, the Provisional Liquidators granted the Investor an exclusivity for a period up to 31 December 2010 by undertaking not to offer to any other party the opportunity to negotiate any terms for the restructuring of the outstanding indebtedness and/or share capital of the Company and setting out certain key terms of the debt and capital restructuring of the Company.

RESTRUCTURING OF THE GROUP (continued)

On 2 July 2009, UR Group Limited ("UR Group"), a new directly 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 garments trading business has been carried out through URTDL.

On 24 January 2010, URTDL entered into a joint venture contract with 石獅市意利王制衣發展有限公司(for identification purpose, Shishi City Yiliwang Clothes Development Co., Ltd.) ("Shishi Yiliwang") and 廈門大騰工貿有限公司 (for identification purpose, Xiamen Dateng Industry Trade Limited) ("Xiamen Dateng") (collectively the "Joint Venture Partners") for the establishment of an equity joint venture company, Xiamen U-Right Garment Co. Ltd. ("Xiamen U-Right") and subscribed to the constitution of Xiamen U-Right, all dated 24 January 2010. The Joint Venture Partners have also agreed all the material terms of, and procured Xiamen U-Right the subcontracting agreement (as further explained below) when Xiamen U-Right was established.

On 11 February 2010, Xiamen U-Right was established. The subcontracting agreement was entered into between Xiamen U-Right and the Joint Venture Partners on the same date delineating the operations, rights, duties and obligations between Xiamen U-Right and the Joint Venture Partners. Xiamen U-Right is principally engaged in the garment retail and trading business and also trading of garment materials.

On 6 August 2010, the Investor entered into secured loan facility arrangements with UR Group and a directly wholly-owned subsidiary of the Company, Alfreda Limited respectively, for the provision of general working capital and part of the consideration for the acquisition of Sino Hill Group Limited ("Sino Hill").

On 9 August 2010, an indirectly wholly-owned subsidiary of the Company, Right Season Limited, entered into a sale and purchase agreement for the acquisition of the entire issued share capital of Sino Hill, at a consideration of HK$40 million by way of cash and the promissory note. Details of the sale and purchase agreement are set out in the Company's announcement dated 31 August 2010.

RESTRUCTURING OF THE GROUP (continued)

The principal elements of the Escrow Agreement are, inter alia, as follows:

a) Capital Restructuring

The Company will undergo, inter alia, a capital restructuring, involving a capital cancellation, a share consolidation, a capital reduction, an authorized share capital increase and a full discharge of the existing convertible notes subject to the provisions of a scheme of arrangement.

b) Share Subscription

The Company will raise new funds by way of the ordinary share subscription and the issue of the convertible preference shares to the Investor.

c) Provision of Loan Facilities

The Investor will provide secured loan facilities without any interest to the Company as general working capital and part of the consideration for the acquisition of Sino Hill.

d) Scheme and Debt Restructuring

The Provisional Liquidators will implement a scheme of arrangement to settle the debts owed to the creditors by i) HK$50 million cash (from the proceeds of subscription for shares by the Investor); ii) approximately 5% of issued shares ("Creditors Shares") of the Company as enlarged by the share subscription and the Creditors Shares; and iii) granting of a put option to the creditors by the Investor, pursuant to which, the creditors shall have the right to sell the Creditors Shares to the Investor at an aggregate value of HK$10 million at any time after the date of resumption of trading in the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Investor would become a controlling shareholder of the Company upon completion of the proposed restructuring of the Group (the "Completion") as contemplated under the Escrow Agreement.

PROSPECTS

On 26 February 2010, the Company was placed in the third stage of the delisting procedures pursuant to Practice Note 17 of the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules") and that the Company was required to submit a viable resumption proposal which demonstrates its compliance with the requirement stipulated under Rule 13.24 of the Listing Rules.

On 9 August 2010, a resumption proposal was submitted by the Company to the Stock Exchange to demonstrate to the Stock Exchange that when the resumption proposal is successfully implemented, the Group will have in place suitable structures and have a sufficient level of operations, tangible assets of sufficient value and intangible assets of a sufficient potential value and will be able to fully comply with Rule 13.24 of the Listing Rules.

The Company is confident that, with the Investor's strong support, the Group will be able to regain a strong foothold in its principal 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.

It is anticipated that the financial position of the Group will be substantially improved upon the Completion as all the 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 scheme of arrangement, to be approved by the creditors of the Company and the High Court.

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

WARNING STATEMENT

Shareholders and potential investors of the Company should note that, (1) the acquisition of Sino Hill forms part of the Company's resumption proposal which may or may not be approved by the Stock Exchange; (2) the principal elements of the Escrow Agreement may be subject to further changes; (3) the scheme of arrangement may or may not be approved by the creditors of the Company and/or the High Court; and (4) the resumption proposal may or may not be approved by the Stock Exchange.

EMPLOYMENT

As at 31 March 2010, the Group had 28 (2009: nil) full-time employees, most of whom were working in the Company's subsidiaries in the PRC. During the year under review, the total employees' costs including directors' remuneration were approximately HK$151,000 (2009: nil). It is the Group's policy that remuneration of the employees is in line with the market and commensurate with the level of pay for similar responsibilities within the industry. Discretionary year-end bonuses are payable to the employees based on individual performance. Other benefits to the employees include medical insurance, retirement schemes, training programmes and education subsidies.

CHARGES ON GROUP'S ASSETS

As at 31 March 2010, there were no charges on the Group's assets.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CONVERTIBLE NOTES

Details of the convertible notes are set out in note 26 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Up to the date of this annual report, the trading in the shares of the Company remains in suspension, the sufficiency of public float as required by the Listing Rules is not applicable.

REVIEW BY THE AUDIT COMMITTEE

By the time the financial statements for the year ended 31 March 2010 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 and the two existing independent non-executive Directors do not possess relevant accounting qualifications to properly discharge their duties as members of the audit committee in any event. Appropriate personnel will be appointed as members of audit committee before the resumption of the trading in the shares of the Company on the Stock Exchange.

Since the audit committee has yet to be established, the annual report for the financial year ended 31 March 2010 (the "Annual Report") has not been reviewed by an audit committee.

DELAY IN DISPATCH OF ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2010

Due to suspension of trading in the Company's shares on the Stock Exchange and most of the responsible officers had left the Group as explained below, the Company has not been able to dispatch the Annual Report to its members within the due date as required by the Listing Rules.

The delay in the dispatch of the Annual Report constitutes a breach of Rule 13.46(2) of the Listing Rules by the Company.

NON-COMPLIANCE OF APPENDIX 16 "DISCLOSURE OF FINANCIAL INFORMATION" OF THE LISTING RULES

Due to the failure to get access to the books and records of certain subsidiaries, the resignation of the major management personnel and the appointment of the existing two independent non-executive Directors in January 2009 and the existing executive Director in February 2010, the Directors do not have sufficient data available to compile the Annual Report so as to comply with Appendix 16 "Disclosure of Financial Information" of the Listing Rules. A separate Corporate Governance Report contained the information required under Appendix 23 of the Listing Rules has been omitted from this Annual Report.

SHARE CAPITAL AND SHARE OPTIONS

Movements in share capital of the Company and details of share option scheme of the Company are set out in notes 27 and 28 to the financial statements.

INFORMATION ON SHARE OPTION SCHEME

The share option scheme of the Company (the "Share Option Scheme") was adopted at the special general meeting of the Company on 9 July 2002. Summary of the terms and particulars of outstanding options of the Share Option Scheme is set out below pursuant to the requirements as contained in Chapter 17 of the Listing Rules.

(a) Purpose

To provide 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").

(b) Eligible Participants

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.

As at the date of this Annual Report, all share options granted under the Share Option Scheme were lapsed or expired, and there are no outstanding share options in issue.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year ended 31 March 2010 are set out in the consolidated statement of changes in equity on page 26, and note 29 to the financial statements, respectively.

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 2010.

CONTINGENT LIABILITIES

Details of the contingent liabilities of the Group as at 31 March 2010 are set out in note 30 to the financial statements.

MAJOR CUSTOMER AND SUPPLIERS

Sales to the five largest customers of the Group accounted for approximately 86.7% of the Group's total turnover for the year. In particular, sales to the largest customer of the Group accounted for approximately 27.2% of the Group's total turnover for the year.

Purchases from the five largest suppliers of the Group accounted for approximately 87.4% of the Group's total purchases for the year. In particular, purchases from the Group's largest supplier accounted for approximately 30.6% of the Group's total purchases for the year.

As far as the Directors are aware, neither the Directors nor any of their associates nor any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in any of the Group's five largest customers or five largest suppliers.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Director:

Mr. TANG Kwok Hung *(appointed on 1 February 2010)*

Independent Non-executive Directors:

Mr. CHUNG Wai Man
Mr. MAK Ka Wing Patrick

As at the date of this Annual Report, the number of independent non-executive Directors falls below the minimum number required under Rule 3.10(1) of the Listing Rules.

DIRECTORS’ SERVICE CONTRACTS

No Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensations).

DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2010, none of the Directors nor the chief executives nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed above, at no time during the year was the Company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors or their respective spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS’ INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance, to which the Company, subsidiaries or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 March 2010, the interests or short positions of the substantial shareholders and other person (other than those Directors or chief executives of the Company disclosed above) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) were as follows:

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO (continued)

Long Position – Substantial shareholders

Name	Position	Type of interest	Number of shares	Approximate % of the Company's issued share capital
Mr. Leung Ngok	Long	Beneficial owner	109,221,000	3.06%
		Founder of a discretionary trust	1,094,541,179 *(Note 1)*	30.66%
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%
Trident Corporate Services (B.V.I.) Limited	Long	Trustee	1,009,557,179 *(Note 1)*	28.28%
Ms. Yim Yuk Lam	Long	Interest of spouse	1,203,762,179 *(Note 3)*	33.72%
Kingston Securities Limited	Long	Other	1,203,762,179 *(Note 2)*	33.72%
Ms. Chu Yuet Wah	Long	Interest of corporation controlled by the substantial shareholder	1,216,614,179 *(Note 2)*	34.08%
Ms. Ma Siu Fong	Long	Interest of corporation controlled by the substantial shareholder	1,203,762,179 *(Note 2)*	33.72%
Deutsche Bank Aktiengesellschaft	Long	Beneficial owner	222,066,624	6.22%

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOESABLE UNDER THE SFO (continued)

Notes:

(1) 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) On 20 October 2008, Mr. Leung Ngok, the then executive Director and chairman of the Company, surrendered all his voting rights and other rights and powers attaching to 109,221,000 shares of the Company to Kingston Securities Limited; and Ace Target (PTC) Inc. surrendered all its voting rights and other rights and powers attaching to 1,094,541,179 shares of the Company to Kingston Securities Limited. Accordingly, Ms. Chu Yuet Wah and Ms. Ma Siu Fong, holding 51% and 49% interests respectively in Kingston Securities Limited, were deemed to retain the voting rights and other rights and powers surrendered by Mr. Leung Ngok and Ace Target (PTC) Inc. Ms. Chu Yuet Wah also owned the 12,852,000 shares of the Company through Best China Limited, a wholly controlled company of Ms. Chu Yuet Wah.

(3) 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.

Save 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 31 March 2010.

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

As at the date of this Annual Report, the board of Directors of the Company (the "Board") included only one executive Director and two independent non-executive Directors. The Company has been identifying a suitable 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.

CODE ON CORPORATE GOVERNANCE PRACTICES

Mr. CHUNG Wai Man and Mr. MAK Ka Wing Patrick were appointed as independent non-executive Directors 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 2010.

MODEL 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 to the Listing Rules. Each of Mr. TANG Kwok Hung, the executive Director, Mr. CHUNG Wai Man and Mr. MAK Ka Wing Patrick, the independent non-executive Directors, has confirmed that he complied with the required standards as set out in the Model Code during the year ended 31 March 2010.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in notes 2 and 32 to the financial statements.

AUDITOR

Messrs. RSM Nelson Wheeler Certified Public Accountants ("RSM"), the auditor of the Company for the years ended 31 March 2006, 2007 and 2008 tendered its resignation to the Board on 7 August 2009. Following the resignation of RSM, Messrs. ANDA CPA Limited was appointed as the auditor of the Company.

The accompanying financial statements have been audited by Messrs. ANDA CPA Limited who will retire and a resolution for their appointment as the auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board
U-RIGHT International Holding Limited
(Provisional Liquidators Appointed)

TANG Kwok Hung
DIRECTOR
Hong Kong, 28 September 2010

EXECUTIVE DIRECTOR

Mr. TANG Kwok Hung ("Mr. Tang"), aged 43, was the financial controller in Tarrant Company Limited, whose parent company, Tarrant Apparel Group, Inc., is a company listed on NASDAQ and the group finance manager in SEA Holdings Limited, a company listed on the main board of the Stock Exchange. He has over 20 years of experience in the strategic management, business development, corporate finance, and investment management in garment, retail, real estate development, hotel, high-tech business, logistics, international trade and manufacturing industries.

Mr. Tang holds a Master's degree in Business Administration from Manchester Business School (MBS) of the University of Manchester in the United Kingdom and a Bachelor's degree in Business Administration from Chinese University of Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, a Certified Public Accountant of the American Institute of Certified Public Accountants and a Certified Management Accountant of the Institute of Management Accountants in the United States of America, a member of Hong Kong Securities Institute and a member of Hong Kong Institute of Real Estate Administrators.

As at the date of this report, Mr. Tang does not have any interest in shares or underlying shares of the Company within the meaning of Part XV of the SFO nor does he have any relationship with any director, senior management, chief executive or substantial or controlling shareholder of the Company. Save as disclosed above, Mr. Tang did not hold any directorships in other listed companies in the past three years and does not hold any other position with the Company and its subsidiaries.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHUNG Wai Man ("Mr. Chung"), 51, holds a Diploma in Business Management and a Certificate of Bank of China Banking Course. He started working in Kwangtung Provincial Bank in 1976, and his last position before leaving the bank in 1996 was a manager in charge of the Tai Po branch. After leaving Kwangtung Provincial Bank, Mr. Chung established "Raymond Chung Company", a finance and business consulting firm for corporations in Hong Kong and China. In 2004, he set up another consulting firm, Excel Linker Capital (Asia) Limited, which focuses on providing financial services to corporations in China.

Mr. Chung was an independent non-executive director of United Gene High-Tech Group Limited (stock code: 0399) (formerly known as Far East Pharmaceutical Technology Company Limited) from 23 March 2007 to 13 May 2009.

As at the date of this report, Mr. Chung does not have any interest in shares or underlying shares of the Company within the meaning of Part XV of the SFO nor does he have any relationship with any director, senior management, chief executive or substantial or controlling shareholder of the Company. Save as disclosed above, Mr. Chung did not hold any directorships in other listed companies in the past three years.

Mr. MAK Ka Wing Patrick ("Mr. Mak"), 45, is a registered solicitor of the High Court of Hong Kong and a senior partner of Patrick Mak & Tse Solicitors. Mr. Mak has over 10 years' legal experience as a practising solicitor. He was awarded the Common Professional Examination Certificate in Laws by the University of Hong Kong in 1995 and was awarded his Postgraduate Certificate in Laws (P.C.LL) by the University of Hong Kong in 1998.

Mr. Mak worked in Dublin, Ireland with Messrs. Donald T. McAuliffe & Co., Solicitors of Ireland from 1990 to 1991 and worked in London, England with Messrs. Sparrow & Trieu, Solicitors from 1991 to 1992.

As at the date of this report, Mr. Mak does not have any interest in shares or underlying shares of the Company within the meaning of Part XV of the SFO nor does he have any relationship with any director, senior management, chief executive or substantial or controlling shareholder of the Company. Save as disclosed above, Mr. Mak did not he hold any directorships in other listed companies in the past three years.

There are no service contracts entered into between the Company and Mr. Tang, Mr. Chung or Mr. Mak in relation to their appointment as Directors of the Company. The emoluments of Mr. Tang, Mr. Chung and Mr. Mak will be determined with reference to their responsibilities, remuneration policy of the Company and prevailing market conditions.

Neither Mr. Tang, Mr. Chung nor Mr. Mak has any fixed term of service with the Company and they will hold office until the next annual general meeting of the Company. In accordance with the bye-laws of the Company, they shall be eligible for re-election at that annual general meeting and shall retire from office by rotation at the subsequent annual general meetings of the Company.

CONFIRMATION OF INDEPENDENCE

Pursuant to Rule 3.13 of the Listing Rules, each of the independent non-executive Directors has confirmed with the Company in writing his independence from the Company in accordance with the relevant guidelines. The Company therefore considers all of the independent non-executive Directors to be independent.

On behalf of the Board
U-RIGHT International Holdings Limited
(Provisional Liquidators Appointed)

TANG Kwok Hung
Director

Hong Kong, 28 September 2010

ANDA
CPA Limited
安達會計師事務所有限公司

TO THE SHAREHOLDERS OF
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)

We were engaged to audit the consolidated financial statements of U-RIGHT International Holdings Limited (Provisional Liquidators Appointed) (the "Company") set out on pages 24 to 55, which comprise the consolidated statement of financial position as at 31 March 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Except for the limitation in the scope of our work as described in the basis for disclaimer of opinion paragraphs, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. However, because of the matters described in the basis for disclaimer of opinion paragraphs, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

1. Opening balances and corresponding figures

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 March 2009 (the "2009 Financial Statements"), which form the basis for the corresponding figures presented in the current year's consolidated financial statements, was disclaimed because of the significance of the possible effect of the limitations on the scope of our audit and the material uncertainty in relation to going concern, details of which are set out in our audit report dated 3 February 2010. Accordingly, we were then unable to form an opinion as to whether the 2009 Financial Statements gave 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.

2. Deconsolidation of the subsidiaries

Certain subsidiaries of the Company were deconsolidated from the Group since 1 April 2008. No sufficient evidence has been provided to satisfy ourselves as to whether the Company had lost control of the subsidiaries since 1 April 2008 and throughout the year ended 31 March 2010.

Accordingly, no sufficient evidence has been provided to satisfy ourselves as to the completeness of the transactions of the Group for the year ended 31 March 2010.

3. Financial guarantee liabilities

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 as at 31 March 2010.

4. 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 totalling approximately HK$763,000 as at 31 March 2010 as included in the accruals and other payables of approximately HK$6,550,000 in the consolidated statement of financial position.

5. Due to deconsolidated subsidiaries

No direct confirmation and other sufficient evidence have been received by us up to the date of this report in respect of the amounts due to deconsolidated subsidiaries of approximately HK$416,347,000 as at 31 March 2010.

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 2010.

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 2010 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 2009 and 2010, the Group's cash flows for the two years ended 31 March 2009 and 2010 and the financial positions of the Group as at 31 March 2009 and 2010, and the related disclosures thereof in the 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 2 to the 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 2010 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.

ANDA CPA Limited
Certified Public Accountants
Sze Lin Tang
Practising Certificate Number P03614
Hong Kong, 28 September 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	Notes	**2010**	2009
		HK$'000	*HK$'000*
Turnover	*7*	**92,305**	124,377
Cost of sales		**(90,696)**	(52,241)
Gross profit		**1,609**	72,136
Other income	*8*	**2,909**	4,684
Selling and distribution costs		**(249)**	(77,233)
Administrative expenses		**(2,159)**	(6,805)
Profit/(loss) from operations		**2,110**	(7,218)
Loss on deconsolidation of the subsidiaries and impairment on investment costs and due from deconsolidated subsidiaries	*10*	**–**	(1,894,192)
Other losses	*11*	**–**	(1,157,283)
Finance cost	*12*	**(2,540)**	(19,628)
Loss before tax		**(430)**	(3,078,321)
Income tax expense	*13*	**(161)**	–
Loss and total comprehensive income for the year	*14*	**(591)**	(3,078,321)
Loss and total comprehensive income for the year attributable to:			
Equity holders of the Company		**(660)**	(3,078,321)
Minority interests		**69**	–
		(591)	(3,078,321)
Loss per share attributable to equity holders of the Company	*16*		
Basic (HK cents per share)		**(0.02)**	(86.24)
Diluted (HK cents per share)		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Notes	**2010**	2009
		HK$'000	*HK$'000*
Current assets			
Trade receivables	*18*	**9,256**	–
Prepayments, deposits and other receivables	*19*	**7,322**	–
Available-for-sale financial assets	*20*	**–**	4,000
Bank and cash balances		**3,373**	2,627
		19,951	6,627
Current liabilities			
Trade payables	*21*	**6,407**	–
Accruals and other payables		**6,550**	5,678
Due to deconsolidated subsidiaries	22	**416,347**	417,212
Due to the Investor	*23*	**4,800**	–
Financial guarantee liabilities	*24*	**1,118,325**	1,118,325
Convertible notes	*26*	**67,638**	65,098
Current tax liabilities		**161**	–
		1,620,228	1,606,313
Net current liabilities		**(1,600,277)**	(1,599,686)
NET LIABILITIES		**(1,600,277)**	(1,599,686)
Capital and reserves			
Share capital	*27*	**356,936**	356,936
Deficiency	*29*	**(1,957,282)**	(1,956,622)
Equity attributable to owners of the Company		**(1,600,346)**	(1,599,686)
Minority interests		**69**	–
TOTAL EQUITY		**(1,600,277)**	(1,599,686)

Approved by:

TANG Kwok Hung
Director

CHUNG Wai Man
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2010

	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 2008	356,936	614,493	56,493	220	148,919	3,020	1,904	445,569	1,627,554	964	1,628,518
Total comprehensive income for the year	–	–	–	–	–	–	–	(3,078,321)	(3,078,321)	–	(3,078,321)
Deconsolidation of subsidiaries	–	–	(56,493)	–	(148,919)	–	–	56,493	(148,919)	(964)	(149,883)
At 31 March 2009	356,936	614,493	–	220	–	3,020	1,904	(2,576,259)	(1,599,686)	–	(1,599,686)
At 1 April 2009	356,936	614,493	–	220	–	3,020	1,904	(2,576,259)	(1,599,686)	–	(1,599,686)
Total comprehensive income for the year	–	–	–	–	–	–	–	(660)	(660)	69	(591)
At 31 March 2010	356,936	614,493	–	220	–	3,020	1,904	(2,576,919)	(1,600,346)	69	(1,600,277)

	Note	**2010**	2009
		HK$'000	*HK$'000*
Cash flows from operating activities			
Loss before tax		**(430)**	(3,078,321)
Adjustments for:			
Finance cost		**2,540**	19,628
Fair value gain on derivative financial instruments		–	(4,607)
Impairment on investment costs in the deconsolidated subsidiaries		–	116,931
Loss on deconsolidation of subsidiaries		–	507,838
Impairment on due from the deconsolidated subsidiaries		–	1,269,423
Impairment on other receivables		–	38,958
Loss on financial guarantee liabilities		–	1,118,325
Operating cash flows before working capital changes		**2,110**	(11,825)
Change in inventories		–	23,246
Change in trade receivables		**(9,256)**	(2,295)
Change in prepayments, deposits and other receivables		**(7,322)**	3,468
Change in trade payables		**6,407**	–
Change in accruals and other payables		**872**	7,449
Change in due to deconsolidated subsidiaries		**(865)**	(19,685)
Cash (used in)/generated from operations		**(8,054)**	358
Tax refund		–	929
Net cash (used in)/generated from operating activities		**(8,054)**	1,287

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 31 March 2010

	Note	2010	2009
		HK$'000	*HK$'000*
Cash flows from investing activities			
Proceeds from sales/settlement of available-for-sale financial assets		**4,000**	4,000
Deconsolidation of subsidiaries	*10(a)*	**–**	(442,008)
Net cash generated from/(used in) investing activities		**4,000**	(438,008)
Cash flows from financing activities			
Fund from the Investor		**4,800**	–
Net cash generated from financing activities		**4,800**	–
Net increase/(decrease) in cash and cash equivalents		**746**	(436,721)
Cash and cash equivalents at beginning of year		**2,627**	439,348
Cash and cash equivalents at end of year		**3,373**	2,627
Analysis of cash and cash equivalents			
Bank and cash balances		**3,373**	2,627

1. GENERAL INFORMATION

U-RIGHT International Holdings Limited (Provisional Liquidators Appointed) (the "Company", together with its subsidiaries, the "Group") was incorporated in Bermuda 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 Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and have been suspended for trading since 17 September 2008.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 33 to these financial statements.

2. BASIS OF PREPARATION

Going concern

The Group incurred a loss attributable to equity holders of the Company of approximately HK$660,000 for the year ended 31 March 2010 (2009: HK$3,078,321,000) and as at 31 March 2010 the Group had net current liabilities of approximately HK$1,600,277,000 (2009: HK$1,599,686,000) and net liabilities of approximately HK$1,600,277,000 (2009: HK$1,599,686,000) 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. The liability component approximates to HK$67,638,000 as at 31 March 2010 (2009: HK$65,098,000) 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 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 of the Company (the "Provisional Liquidators") 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 (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 (as subsequently extended to 31 December 2010) to negotiate a legally binding restructuring agreement for the implementation of the restructuring proposal.

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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

2. BASIS OF PREPARATION (continued)

Going concern (continued)

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 preference shares of the Company; (iii) provision of loan facilities; and (iv) a creditors' scheme of arrangement.

On 24 January 2010, U-RIGHT Trading Development Limited ("URTDL") entered into a joint venture contract with 石獅市意利王制衣發展有限公司(for identification purpose, Shishi City Yiliwang Clothes Development Co., Ltd.) ("Shishi Yiliwang") and 廈門大騰工貿有限公司 (for identification purpose, Xiamen Dateng lndustry Trade Limited) ("Xiamen Dateng") (collectively the "Joint Venture Partners") for the establishment of an equity joint venture company, Xiamen U-Right Garment Co., Ltd. ("Xiamen U-Right") and subscribed to the constitution of Xiamen U-Right, dated 24 January 2010. The Joint Venture Partners have also agreed all material terms of, and procured Xiamen U-Right the subcontracting agreement when Xiamen U-Right was established.

On 26 February 2010, the Company was placed in the third stage of the delisting procedures pursuant to Practice Note 17 of the Listing Rules and that the Company was required to submit a viable resumption proposal which demonstrates its compliance with the requirement stipulated under Rule 13.24 of the Listing Rules.

Subsequently on 9 August 2010, the Company has submitted the resumption proposal to the Stock Exchange and is preparing replies to the queries from the Stock Exchange on the resumption proposal.

For further details of the events happened after the year ended 31 March 2010, please refer to the section headed "Events after the Reporting Period".

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.

3. 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 (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 April 2009. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting polices, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

a. Presentation of Financial Statements

HKAS 1 (Revised) "Presentation of Financial Statements" affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. HKAS 1 (Revised) also requires disclosures of the reclassification adjustments and tax effects relating to each component of other comprehensive income for the year. HKAS 1 (Revised) has been applied retrospectively.

b. Operating Segments

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Previously, HKAS 14 "Segment Reporting" required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving as the starting point for the identification of such segments. The primary segments reported under HKAS 14 are the same as the segments reported under HKFRS 8. HKFRS 8 has been applied retrospectively.

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.

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments and derivatives which are carried at their fair values.

The preparation of financial statements in conformity with HKFRSs requires the use of key assumptions and estimates. It also requires management to exercise its judgments in the process of applying the accounting policies. The areas involving critical judgments and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 5 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March 2010. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its carrying amount together with any remaining goodwill relating to the subsidiary and also any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests represent the portion of interests of minority shareholders in the operating results and net assets of subsidiaries. Minority interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Minority interests are presented in the consolidated statement of comprehensive income as an allocation of profit or loss and total comprehensive income for the year between minority shareholders and owners of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong Dollars, which is the Company's functional and presentation currency.

b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets not classified as trade and other receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale financial assets are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in profit or loss if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

– the amount of the obligations under the contracts, as determined in accordance with HKAS 37"Provisions, Contingent Liabilities and Contingent Assets"; and

– the amount initially recognised less cumulative amortisation recognised in the statement of comprehensive income on a straight–line basis over the terms of the guarantee contracts.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Convertible notes

Convertible loans which entitle the holder to convert the loans into a fixed number of equity instruments at a fixed conversion price are regarded as compound instruments consist of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non–convertible debt. The difference between the proceeds of issue of the convertible loans and the fair value assigned to the liability component, representing the embedded option for the holder to convert the loans into equity of the Group, is included in equity as equity component reserve. The liability component is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption.

Transaction costs are apportioned between the liability and equity components of the convertible loans based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly to equity.

Convertible loans which entitle the holder to convert the loans into equity instruments, other than into a fixed number of equity instruments at a fixed conversion price, are regarded as combined instruments consist of a liability and a derivative component. At the date of issue, the fair value of the derivative component is determined using an option pricing model; and this amount is carried as a derivative liability until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the liability component and is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption. The derivative component is measured at fair value with gains and losses recognised in profit or loss.

Transaction costs are apportioned between the liability and derivative components of the convertible loans based on the allocation of proceeds to the liability and derivative components on initial recognition.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenues from the sales of goods are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Interest income is recognised on a time–proportion basis using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Related parties

A party is related to the Group if:

a) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;

b) the party is an associate;

c) the party is a joint venture;

d) the party is a member of the key management personnel of the Company or its parent;

e) the party is a close member of the family of any individual referred to in (a) or (d);

f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of the Group's various lines of business geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of productions processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets except inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non–occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, management has made the following judgement that has the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Going concern basis

These financial statements have been prepared on a going concern basis, the validity of which depends upon the Group being able to achieve a successful restructuring and continue its business. Details are explained in note 2 to the financial statements.

Financial results of Xiamen U-Right (the "EJV")

In accordance with an agency agreement, the sales and purchase transactions of the EJV were carried out on the EJV's behalf by Shishi Yiliwang and Xiamen Dateng. Each of them holds 10% of the ownership interest in the EJV. The financial statements have been prepared on the basis that those sales and purchase for the year ended 31 March 2010 have been included in the Group's current year results. In view of the various terms stipulated in the agency agreement, the Directors regard such accounting treatments as appropriate.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

a) Financial guarantee liabilities

The determination of the financial guarantee liabilities involves management's estimation. The Group assesses the probability and magnitude of the outflow of resources embodying economic benefits will be required to settle the obligations and if the expectation differs from the original estimate, such a difference may impact the carrying amount of the financial guarantee liabilities as at 31 March 2010.

b) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

6. 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 the functional currencies of the Group entities or United States dollars for Hong Kong dollar functional currency Group entities. 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 31 March 2010 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to its trade receivables 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 credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has certain concentration of credit risk on trade receivables.

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 31 March 2010, 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 consolidated statement of financial position approximate their respective fair values.

7. TURNOVER

Turnover represents the invoiced value of goods sold, less value-added tax, goods returns and trade discounts during the year.

	2010	2009
	HK$'000	*HK$'000*
Sales of goods	**92,305**	124,377

8. OTHER INCOME

	2010	2009
	HK$'000	*HK$'000*
Fair value gain on derivative financial instruments	**–**	4,607
Reversal of impairment on due from a deconsolidated subsidiary	**1,600**	–
Reimbursement of restructuring expenses from the Investor	**1,309**	–
Others	**–**	77
	2,909	4,684

9. OPERATING SEGMENT INFORMATION

For the years ended 31 March 2009 and 2010, no operating segments information is presented as the Group has only one operating segment of fashion garments and textiles business.

Geographical information:

	Revenue Year ended 31 March		**Non-current assets As at 31 March**	
	2010	2009	**2010**	2009
	HK$000	*HK$000*	***HK$000***	*HK$000*
Hong Kong	**–**	124,377	**–**	–
Mainland China	**5,640**	–	**–**	–
Others	**86,665**	–	**–**	–
Consolidated total	**92,305**	124,377	**–**	–

In presenting the geographical information, revenue is based on the locations of the customers.

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

	2010	2009
	HK$'000	*HK$'000*
Loss on deconsolidation of subsidiaries *(note a)*	**–**	507,838
Impairment on investment costs in the deconsolidated subsidiaries	**–**	116,931
Impairment on due from the deconsolidated subsidiaries	**–**	1,269,423
	–	1,894,192

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

a) Loss on deconsolidation of subsidiaries

The Directors considered that 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.

U-Right Garments Limited, 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.

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

	1 April 2008	**21 January 2009**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
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 assets/(liabilities) 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)
Loss/(gain) on deconsolidation of subsidiaries	534,888	(27,050)	507,838
Net cash outflow arising on deconsolidation of subsidiaries:			
Cash and cash equivalents of subsidiaries deconsolidated	(438,784)	(3,224)	(442,008)

11. OTHER LOSSES

	2010	2009
	HK$'000	*HK$'000*
Impairment on other receivables	**–**	38,958
Loss on financial guarantee liabilities	**–**	1,118,325
	–	1,157,283

12. FINANCE COST

	2010	2009
	HK$'000	*HK$'000*
Interest expenses on:		
Convertible notes wholly repayable within 5 years	**2,540**	19,628

13. INCOME TAX EXPENSE

	2010	2009
	HK$'000	*HK$'000*
Current tax - Hong Kong profits tax provision for the year	**120**	–
Current tax - the PRC enterprise income tax provision for the year	**41**	–
	161	–

Hong Kong profits tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profits for the year.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions 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 before tax is as follows:

	2010	2009
	HK$'000	*HK$'000*
Loss before tax	**(430)**	(3,078,321)
Tax at the domestic income tax rate of 16.5%	**(71)**	(507,923)
Tax effect of expenses that are not deductible	**210**	507,923
Effect of different tax rates of subsidiaries operating in other jurisdictions	**22**	–
	161	–

14. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the following:

	2010	2009
	HK$'000	*HK$'000*
Staff costs (excluding directors' remuneration – note 15)		
Salaries, bonus and allowances	151	–
Retirement benefits scheme contributions	–	–
	151	–
Auditor's remuneration		
Current year	380	380
Under-provision in prior year	–	–
	380	380
Cost of sales	90,696	52,241
Operating lease charges on land and buildings	27	–
Net foreign exchange loss	5	–

15. DIRECTORS' EMOLUMENTS

The emoluments of each Director were as follows:

	Fee	**Salaries and allowances**	**Discretionary bonus**	**Share-based payments**	**Retirement benefit scheme contributions**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Name of Directors						
Mr. Tang Kwok Hung (g)	–	–	–	–	–	–
Mr. Chung Wai Man (f)	–	–	–	–	–	–
Mr. Mak Ka Wing, Patrick (f)	–	–	–	–	–	–
Total for 2010	–	–	–	–	–	–

	Fee	Salaries and allowances	Discretionary bonus	Share-based payments	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Name of Directors						
Mr. Leung Ngok (a)	–	1,337	–	–	12	1,349
Mr. Leung Shing (b)	–	622	–	–	12	634
Mr. Leung Siu Kan, Stephen (c)	–	515	–	–	12	527
Mr. Tang Kwok Hung (g)	–	–	–	–	–	–
Mr. Jia Luqiao (d)	71	–	–	–	–	71
Mr. Wong Kai Cheong (e)	55	–	–	–	–	55
Mr. Yang Dong Hui (d)	71	–	–	–	–	71
Mr. Chung Wai Man (f)	38	–	–	–	–	38
Mr. Mak Ka Wing, Patrick (f)	38	–	–	–	–	38
Total for 2009	273	2,474	–	–	36	2,783

a) Resigned on 12 November 2008
b) Resigned on 8 October 2008
c) Resigned on 16 January 2009
d) Resigned on 7 October 2008
e) Resigned on 17 September 2008
f) Appointed on 15 January 2009
g) Appointed on 1 February 2010

15. DIRECTORS' EMOLUMENTS (continued)

The five highest paid individuals in the Group during the year included nil (2009: 5) Director whose emoluments are reflected in the analysis presented above. The emoluments of the remaining 5 (2009: nil) individuals are set out below:

	2010	2009
	HK$'000	*HK$'000*
Basic salaries and allowances	**99**	–
Discretionary bonus	**–**	–
Retirement benefit scheme contributions	**–**	–
	99	–

The emoluments fell within the following band:

	Number of individuals	
	2010	2009
Nil - HK$1,000,000	**5**	–
HK$1,000,001 - HK$1,500,000	**–**	–
	5	–

During the year, no emoluments were paid by the Group to any of the Directors as an inducement to join or upon joining the Group or as compensation for loss of office.

16. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Basic loss per share

The calculation of basic loss 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$660,000 (2009: HK$3,078,321,000) and the weighted average number of ordinary shares of 3,569,364,916 (2009: 3,569,364,916) in issue during the year.

Diluted loss per share

No diluted loss per share for the years ended 31 March 2009 and 2010 is presented as the Company did not have any dilutive potential ordinary sharing during the years in respect of the warrants and share options and the effects of all convertible notes were anti-dilutive for the years.

17. DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2010 (2009: nil).

18. TRADE RECEIVABLES

Other than cash and credit card sales, invoices are normally payable within 30 to 90 days of issuance. 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 at the end of the reporting period, based on invoice dates, is as follows:

	2010	2009
	HK$'000	*HK$'000*
Within 30 days	**9,256**	–

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Deposit	**1,085**	–
Prepayments	**243**	–
Due from deconsolidated subsidiaries (note)	**5,994**	–
	7,322	–

Note: The advances are unsecured, non-interest bearing and have no fixed repayment terms.

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2010	2009
	HK$'000	*HK$'000*
At beginning of year	**4,000**	8,000
Disposals/settlement	**(4,000)**	(4,000)
At end of year	**–**	4,000

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

21. TRADE PAYABLES

An aging analysis of the trade payables at the end of the reporting period, based on invoice dates, is as follows:

	2010	2009
	HK$'000	*HK$'000*
Within 30 days	**6,407**	–

22. DUE TO DECONSOLIDATED SUBSIDIARIES

The amounts due to deconsolidated subsidiaries are unsecured, non-interest bearing and have no fixed repayment terms.

23. DUE TO THE INVESTOR

The advance received from the Investor is unsecured, non-interest bearing and has no fixed repayment terms.

24. FINANCIAL GUARANTEE LIABILITIES

The Company has provided corporate guarantees for certain bank loans of its subsidiaries which had been deconsolidated from the consolidated financial statements of the Group since 1 April 2008. Consequently, the Company is liable to the financial guarantee liabilities of approximately HK$1,118,325,000 as at 31 March 2010 (2009: HK$1,118,325,000).

25. DERIVATIVE FINANCIAL INSTRUMENTS

	Derivative components of convertible notes	**Warrants**	**Total**
	HK$'000	*HK$'000* *(note a)*	*HK$'000*
At 1 April 2008	1,715	2,892	4,607
Fair value gain	(1,715)	(2,892)	(4,607)
At 31 March 2009 and 2010	–	–	–

a) On 16 November 2007, the Company and the subscriber entered into the subscription agreement in respect of the placement of 151,685,393 warrants of the Company at an initial conversion price of HK$0.356 per shares subject to adjustments upon occurrence of certain events. The subscription period is for three years from the date of issue of the warrants.

26. CONVERTIBLE NOTES

Pursuant to a subscription agreement dated 5 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 have been converted into ordinary shares of the Company.

Pursuant to a subscription agreement dated 23 October 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. The liability component approximates to HK$67,638,000 as at 31 March 2010 (2009: HK$65,098,000) 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.

	CN1	**CN2**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Liability component at 1 April 2008	29,402	16,068	45,470
Interest charged	5,696	13,932	19,628
Liability component at 31 March 2009 and 1 April 2009	35,098	30,000	65,098
Interest charged	1,487	1,053	2,540
Liability component at 31 March 2010	36,585	31,053	67,638

The interest charged for the years ended 31 March 2009 and 2010 for CN1 and CN2 were calculated with reference to the terms of the convertible notes and taking into consideration that the convertible notes were in default.

27. SHARE CAPITAL

	2010	2009
	HK$'000	*HK$'000*
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

a) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 March 2010 and 31 March 2009.

28. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The share option scheme of the Company (the "Scheme") was adopted at the special general meeting of the Company on 9 July 2002 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 10 years from 17 July 2002.

The maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not exceed 30% of the total number of shares in issue from time to time. The total number of shares which may be issued upon exercise of all share options granted and to be granted under the Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of shares in issue on 31 August 2007 (i.e. not exceeding 351,191,691 shares of the Company). Share options lapsed in accordance with the terms of the Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit.

28. SHARE-BASED PAYMENTS (continued)

The Company may seek approval of the shareholders in the general meeting for refreshing the 10% limit under the Scheme save that the total number of shares which may be issued upon exercise of all share options to be granted under the Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of shares in issue as at the date of approval of the limit as refreshed. Share options previously granted under the Scheme or any other share option schemes of the Company (including share options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the limit as refreshed. The total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets on the date of the offer of the share options which must be trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

At 31 March 2010, the total number of the Company's shares currently available for issue under the Scheme is 351,191,691 (2009: 351,191,691), representing 9.8% (2009: 9.8%) of the issued share capital of the Company shares after the refreshment of the scheme mandate limit.

Details of the movements of the outstanding share options granted under the Scheme during the year are summarised as follows:

	Number of share options	**Weighted average exercise price**
		HK$
Outstanding at 1 April 2008	50,000,000	0.255
Lapsed during the year	(50,000,000)	0.255
Outstanding at 31 March 2009 & 2010	–	
Exercisable at 31 March 2009 & 2010	–	

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY AND RESERVES

a) *Statement of financial position of the Company*

	2010	2009
	HK$'000	*HK$'000*
Non-current assets		
Investments in subsidiaries	–	–
Current assets		
Due from deconsolidated subsidiaries	394	–
Bank balances	1,556	2,627
	1,950	2,627
Current liabilities		
Accruals and other payables	6,427	5,645
Due to deconsolidated subsidiaries	268,212	269,078
Financial guarantee liabilities	1,118,325	1,118,325
Convertible notes	67,638	65,098
	1,460,602	1,458,146
Net current liabilities	(1,458,652)	(1,455,519)
NET LIABILITIES	(1,458,652)	(1,455,519)
Capital and reserves		
Share capital	356,936	356,936
Deficiency	(1,815,588)	(1,812,455)
TOTAL EQUITY	(1,458,652)	(1,455,519)

b) *Reserves of the Company*

	Share premium	Contributed surplus	Capital reserve	Share-based compensation reserve	Retained profits/ (accumulated losses)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2008	614,493	40,358	3,020	1,904	4,825	664,600
Total comprehensive income for the year	–	–	–	–	(2,477,055)	(2,477,055)
At 31 March 2009	614,493	40,358	3,020	1,904	(2,472,230)	(1,812,455)
At 1 April 2009	614,493	40,358	3,020	1,904	(2,472,230)	(1,812,455)
Total comprehensive income for the year	–	–	–	–	(3,133)	(3,133)
At 31 March 2010	614,493	40,358	3,020	1,904	(2,475,363)	(1,815,588)

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY AND RESERVES (continued)

c) Nature and purpose of reserves of the Group

(i) Share premium account

The application of the share premium account is governed by the Companies Act of Bermuda.

(ii) Statutory reserve

In accordance with the relevant regulations of the People's Republic of China (the "PRC"), the subsidiaries of the Group established in the PRC are required to transfer a certain percentage of the profit after tax, if any, to a statutory reserve. Subject to certain restrictions as set out in the relevant regulations, the statutory reserve may be used to offset the accumulated losses, if any, of the subsidiaries.

(iii) Capital reserve

The capital reserve represents the unexercised equity component of convertible notes issued by the Group recognised in accordance with the accounting policy adopted for convertible notes in note 4 to the financial statements.

(iv) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4 to the financial statements.

30. CONTINGENT LIABILITIES

The Directors were not aware of any significant contingent liabilities of the Group as at the end of the reporting period (2009: nil).

31. COMMITMENTS

The Group had no material commitment as at 31 March 2010 and 31 March 2009.

32. EVENTS AFTER THE REPORTING PERIOD

By an order of the High Court dated 7 May 2010, the hearing of the Petition to the High Court for the winding-up of the Company was further adjourned to 18 October 2010.

On 30 June 2010, the Provisional Liquidators, the Investor, the Company and the escrow agent, entered into the second supplemental escrow agreement to extend the Investor's exclusive right to negotiate a legally binding restructuring agreement for the implementation of the restructuring proposal to 31 December 2010.

32. EVENTS AFTER THE REPORTING PERIOD (continued)

On 6 August 2010, the Investor entered into secured loan facility arrangements with two directly wholly-owned subsidiaries of the Company, UR Group Limited and Alfreda Limited respectively, for the provision of general working capital and part of the consideration for the acquisition of Sino Hill Group Limited ("Sino Hill").

On 9 August 2010, an indirectly wholly-owned subsidiary of the Company, Right Season Limited, entered into a sale and purchase agreement for the acquisition of the entire issued share capital of Sino Hill, at a consideration of HK$40 million by way of cash and the promissory note. Details of the sale and purchase agreement are set out in the Company's announcement dated 31 August 2010.

On 9 August 2010, a resumption proposal was submitted by the Company to the Stock Exchange and the Company is preparing replies to the queries from the Stock Exchange on the resumption proposal.

33. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY

Name	Place of incorporation/ registration	Issued and paid-up/ registered capital	Percentage of ownership interest/ voting power / profit sharing Direct	Indirect	Principal activities
Lucky Formosa International Group Limited	British Virgin Islands	10,000 ordinary shares of US$1 each	100%	–	Investment holding
UR Group Limited	British Virgin Islands	1 ordinary share of US$1	100%	–	Investment holding
Nano Garment Holdings Limited	Hong Kong	1 ordinary share of HK$1	–	100%	Inactive
U-RIGHT Trading Development Limited	Hong Kong	1 ordinary share of HK$1	–	100%	Trading of fashion garments and textiles
Xiamen U-Right Garment Co. Ltd.	The PRC	US$99,990	–	80%	Retailing of fashion garments and trading of textiles and leathers

Note: Xiamen U-Right Garment Co. Ltd. is a sino foreign joint venture established in the PRC.

34. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 28 September 2010.

FIVE YEARS FINANCIAL SUMMARY

The following table summarises the results, and the assets and liabilities of the Group for each of five years ended 31 March:

	Year ended 31 March				
	2006	2007	2008	2009	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
RESULTS					
Turnover	1,343,852	1,774,007	2,079,712	124,377	**92,305**
Profit/(loss) before tax	138,467	158,063	85,880	(3,078,321)	**(430)**
Income tax expense	(17,628)	(23,765)	(27,132)	–	**(161)**
Profit/(loss) and total comprehensive income for the year	120,839	134,298	58,748	(3,078,321)	**(591)**
Loss and total comprehensive income for the year attributable to:					
Equity holders of the Company	103,406	123,092	61,367	(3,078,321)	**(660)**
Minority interests	17,433	11,206	(2,619)	–	**69**
	120,839	134,298	58,748	(3,078,321)	**(591)**

	As at 31 March				
	2006	2007	2008	2009	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
ASSETS AND LIABILITIES					
Non-current assets	688,226	857,656	1,206,272	–	**–**
Current assets	1,109,604	1,365,798	1,604,125	6,627	**19,951**
Current liabilities	(390,885)	(688,941)	(796,567)	(1,606,313)	**(1,620,228)**
Non-current liabilities	(359,262)	(266,852)	(385,312)	–	**–**
Net assets/(liabilities)	1,047,683	1,267,661	1,628,518	(1,599,686)	**(1,600,277)**
Attributable to:					
Equity holders of the Company	1,026,095	1,244,667	1,627,554	(1,599,686)	**(1,600,346)**
Minority interests	21,588	22,994	964	–	**69**
	1,047,683	1,267,661	1,628,518	(1,599,686)	**(1,600,277)**