



U-RIGHT INTERNATIONAL HOLDINGS LIMITED

(Provisional Liquidators Appointed)

佑威國際控股有限公司*

(已委任臨時清盤人)

(Incorporated in Bermuda with limited liability)

(Stock code: 00627)

Interim Report 2010

* *for identification purposes only*

CONTENTS

	PAGE
CORPORATE INFORMATION	2
MANAGEMENT DISCUSSION AND ANALYSIS	3
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	14
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	15
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	16
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	17
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	18

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

TANG Kwok Hung
NG Cheuk Fan, Keith

Independent Non-Executive Directors

CHUNG Wai Man
MAK Ka Wing, Patrick
CHAN Chi Yuen

AUDITOR

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

COMPANY SECRETARY

NG Cheuk Fan, Keith

AUDIT COMMITTEE MEMBERS

CHAN Chi Yuen (*Committee Chairman*)
CHUNG Wai Man
MAK Ka Wing, Patrick

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The turnover of U-RIGHT International Holdings Limited (Provisional Liquidators Appointed) (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2010 amounted to approximately HK\$143 million, representing a substantial increase as compared with the Group’s turnover of approximately HK\$21 million for the six months ended 30 September 2009. This significant increase was mainly attributable to the contribution of the subsidiaries, U-RIGHT Trading Development Limited (“URTDL”) and Xiamen U-Right Garment Co. Ltd. (“Xiamen U-Right”).

The consolidated profit attributable to equity holders of the Company amounted to approximately HK\$0.6 million for the six months ended 30 September 2010 (six months ended 30 September 2009: loss of approximately HK\$1 million). Basic earnings per share was approximately HK0.02 cents for the six months ended 30 September 2010 (six months ended 30 September 2009: loss per share of approximately HK0.03 cents).

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

Bank and cash balances as at 30 September 2010 was approximately HK\$10.88 million (31 March 2010: approximately HK\$3.37 million). The Group’s gearing ratio measured on the basis of the Group’s borrowings net of cash and bank balances (net borrowing) related to the net asset value and it was not applicable as the Group had net liabilities (31 March 2010: not applicable) as at 30 September 2010.

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

Exposure to fluctuations in exchange rates

Most of the Group’s transactions were denominated in Hong Kong dollars, Renminbi and US dollars. Given that the exchange rate of Hong Kong dollars against Renminbi has been and is likely to remain stable, and the Hong Kong government’s policy of linking the Hong Kong dollars to the US dollars remains in effect, the directors consider that the

MANAGEMENT DISCUSSION AND ANALYSIS

Group's risk on foreign exchange will remain minimal and no hedging or other alternative measures have been adopted by the Group. As at 30 September 2010, the Group had no significant risk exposure in regard to foreign exchange contracts, interest rates, currency swaps, or other financial derivatives.

(b) Credit risk

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at 30 September 2010 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the condensed consolidated statement of financial position. The Group's credit risk is primarily attributable to its trade receivables, prepayments, deposits and other 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 Group has certain concentration of credit risk.

(c) Liquidity risk

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

(d) Interest rate risk

As at 30 September 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 condensed consolidated statement of financial position approximate their respective fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

SUSPENSION OF TRADING IN SHARES AND APPOINTMENT OF PROVISIONAL LIQUIDATORS

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

On 6 October 2008, Deutsche Bank A.G., Hong Kong Branch (the “Petitioner”) presented petitions (the “Petitions” and each referred to as “Petition”) to the High Court of the Hong Kong Special Administration Region (the “High Court”) for the winding-up 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 for the repayment of outstanding debts. Upon the application of the Petitioner, on 6 October 2008, Messrs. LAI Kar Yan, Derek and YEUNG Lui Ming, both of Deloitte Touche Tohmatsu, were appointed as joint and several provisional liquidators (the “Provisional Liquidators”) of the Company and Uni-Capital by the High Court.

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

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

After the appointment of the Provisional Liquidators on 6 October 2008, the then management of the Company together with the Provisional Liquidators used their best endeavour to maintain the business of the Group both in Hong Kong and the People’s Republic of China (the “PRC”). Notwithstanding changes in personnel subsequently 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 six months ended 30 September 2010 was approximately HK\$143 million.

MANAGEMENT DISCUSSION AND ANALYSIS

The hearing of the Petition was originally scheduled on 10 December 2008 and the High Court adjourned the hearing of the Petition against the Company to 4 April 2011. 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.

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 石獅市意利王製衣發展有限公司 (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 to enter into the subcontracting agreement (as further explained below) when Xiamen U-Right was established.

MANAGEMENT DISCUSSION AND ANALYSIS

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 (“Alfreda”) 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 (“Right Season”), entered into a sale and purchase agreement (the “S&P 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 S&P Agreement are set out in the Company’s announcement dated 31 August 2010.

On 31 December 2010, Right Season entered into a supplemental agreement to the S&P Agreement (the “Supplemental Agreement”) to extend the long stop date and amend certain terms and conditions as set out in the S&P Agreement.

Details of the Supplemental Agreement are set out in the Company’s announcement dated 4 January 2011.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

(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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

SIGNIFICANT INVESTMENTS

On 9 August 2010, an indirectly wholly-owned subsidiary of the Company, Right Season, entered into the S&P 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 promissory note. A loan of HK\$10 million from the Investor was paid to the owner of Sino Hill as deposit on 15 September 2010.

On 31 December 2010, Right Season entered into the Supplemental Agreement to extend the long stop date and amend certain terms and conditions as set out in the S&P Agreement. A loan of HK\$5 million from the Investor was paid to the owner of Sino Hill as a further deposit on 31 January 2011.

Details of the S&P Agreement and the Supplemental Agreement are set out in the Company's announcement dated 31 August 2010 and 4 January 2011 respectively.

INTERIM DIVIDEND

The directors of the Company (the "Directors") do not recommend the payment of an interim dividend for the six months ended 30 September 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

For the six months ended 30 September 2010, there was no change in the capital structure and issued share capital of the Company.

Details of the capital structure of the Company are set out in note 14 to the condensed consolidated financial statements.

CONTINGENT LIABILITIES

Details of contingent liabilities are set out in note 15 to the condensed consolidated financial statements.

EMPLOYMENT AND REMUNERATION

As at 30 September 2010, the Group had 52 employees, most of whom were working in the Company's subsidiaries in the PRC. During the six months ended 30 September 2010 under review, the total employees' costs including directors' remuneration were approximately HK\$1,061,000. 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 retirement schemes, training programmes and education subsidies.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CHARGES ON GROUP'S ASSETS

Details of charges on the Group's assets are set out in note 13 to the condensed consolidated financial statements.

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

As at 30 September 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 within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code").

MANAGEMENT DISCUSSION AND ANALYSIS

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2010, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company.

Name	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 (<i>Note 1</i>)	30.66%
ACE Target (PTC) Inc.	Long	Trustee	1,094,541,179 (<i>Note 1</i>)	30.66%
Trident Trust Company (B.V.I.) Limited	Long	Trustee	1,094,541,179 (<i>Note 1</i>)	30.66%
Trident Corporate Services (B.V.I.) Limited	Long	Trustee	1,009,557,179 (<i>Note 1</i>)	28.28%
Kingston Securities Limited	Long	Other	1,203,762,179 (<i>Note 2</i>)	33.72%
Ms. Chu Yuet Wah	Long	Interest of corporation controlled by the substantial shareholder	1,216,614,179 (<i>Note 2</i>)	34.08%
Ms. Yim Yuk Lam	Long	Interest of spouse	1,203,762,179 (<i>Note 3</i>)	33.72%
Ms. Ma Siu Fong	Long	Interest of corporation controlled by the substantial shareholder	1,203,762,179 (<i>Note 2</i>)	33.72%
Deutsche Bank Aktiengesellschaft	Long	Beneficial owner	222,066,624	6.22%

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.

MANAGEMENT DISCUSSION AND ANALYSIS

- (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.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 September 2010.

INFORMATION ON SHARE OPTION SCHEME

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

No share options were outstanding nor granted during the six months ended 30 September 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

CODE ON CORPORATE GOVERNANCE PRACTICES

Since the Provisional Liquidators of the Company have been appointed, the Company has not complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

Arrangements will be made to comply with the Code of Corporate Governance Practices before the resumption of the trading in shares of the Company.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. Having made specific enquiry to all Directors, they have confirmed that they complied with the required standards as set out in the Model Code during the six months ended 30 September 2010.

AUDIT COMMITTEE

The unaudited results of the Group for the six months ended 30 September, 2010 have been reviewed by the Audit Committee. The Audit Committee constitutes three independent non-executive Directors.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2010

	Notes	Six months ended 30 September	
		2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)
Turnover	2	142,603	21,258
Cost of sales		(134,712)	(21,034)
Gross profit		7,891	224
Other income	4	949	494
Selling and distribution costs		(2,871)	–
Administrative expenses		(3,018)	(568)
Profit from operations		2,951	150
Finance cost	5	(1,446)	(1,147)
Profit/(loss) before tax		1,505	(997)
Income tax expense	6	(646)	–
Profit/(loss) for the period	7	859	(997)
Other comprehensive income after tax:			
Exchange differences on translating foreign operations		37	–
Other comprehensive income for the period, net of tax		37	–
Total comprehensive income for the period		896	(997)
Profit/(loss) for the period attributable to:			
Equity holders of the Company		621	(997)
Non-controlling interests		238	–
		859	(997)
Total comprehensive income for the period attributable to:			
Equity holders of the Company		658	(997)
Non-controlling interests		238	–
		896	(997)
Earnings/(loss) per share	8		
Basic (HK cents per share)		0.02	(0.03)
Diluted (HK cents per share)		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2010

	<i>Notes</i>	At 30 September 2010 <i>HK\$'000</i> (unaudited)	At 31 March 2010 <i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment	10	6	–
Current assets			
Inventories		20,542	–
Trade receivables	11	28,736	9,256
Prepayments, deposits and other receivables	16	12,666	7,322
Bank and cash balances		10,884	3,373
		72,828	19,951
Current liabilities			
Trade payables	12	27,558	6,407
Accruals and other payables		24,826	6,550
Due to deconsolidated subsidiaries		416,333	416,347
Due to the Investor	13	–	4,800
Financial guarantee liabilities	17	1,118,325	1,118,325
Convertible notes		69,084	67,638
Current tax liabilities		813	161
		1,656,939	1,620,228
Net current liabilities		(1,584,111)	(1,600,277)
Total assets less current liabilities		(1,584,105)	(1,600,277)
Non-current liabilities			
Due to the Investor	13	14,800	–
		14,800	–
NET LIABILITIES		(1,598,905)	(1,600,277)
Capital and reserves			
Share capital	14	356,936	356,936
Deficiency		(1,956,624)	(1,957,282)
Equity attributable to owners of the Company		(1,599,688)	(1,600,346)
Non-controlling interests		783	69
TOTAL EQUITY		(1,598,905)	(1,600,277)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2010

	Attributable to equity holders of the Company									
	Share capital	Share premium account	Statutory reserve	Foreign currency translation reserve	Capital reserve	Share-based compensation reserve	Accumulated losses	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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 period	-	-	-	-	-	-	(997)	(997)	-	(997)
At 30 September 2009 (unaudited)	<u>356,936</u>	<u>614,493</u>	<u>220</u>	<u>-</u>	<u>3,020</u>	<u>1,904</u>	<u>(2,577,256)</u>	<u>(1,600,683)</u>	<u>-</u>	<u>(1,600,683)</u>
At 1 April 2010	356,936	614,493	220	-	3,020	1,904	(2,576,919)	(1,600,346)	69	(1,600,277)
Contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	476	476
Total comprehensive income for the period	-	-	-	37	-	-	621	658	238	896
At 30 September 2010 (unaudited)	<u>356,936</u>	<u>614,493</u>	<u>220</u>	<u>37</u>	<u>3,020</u>	<u>1,904</u>	<u>(2,576,298)</u>	<u>(1,599,688)</u>	<u>783</u>	<u>(1,598,905)</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2010

	Six months ended	
	30 September	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Net cash generated from/(used in) operating activities	7,041	(1,071)
Net cash used in investing activities	(10,006)	–
Net cash generated from financing activities	10,476	4,000
Net increase in cash and cash equivalents	7,511	2,929
Cash and cash equivalents at beginning of period	3,373	2,627
Cash and cash equivalents at end of period	10,884	5,556
Analysis of cash and cash equivalents		
Bank and cash balances	10,884	5,556
	10,884	5,556

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2010

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

The unaudited condensed interim consolidated financial statements (the “Interim Financial Statements”) of the Company and its subsidiaries for the six months ended 30 September 2010 together with the comparative figures for the previous corresponding period have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

As at 30 September 2010 the Group had net current liabilities of approximately HK\$1,584,111,000 (31 March 2010: HK\$1,600,277,000) and net liabilities of approximately HK\$1,598,905,000 (31 March 2010: HK\$1,600,277,000) 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.

The Interim Financial Statements were prepared on the basis that the proposed restructuring (the “Restructuring Proposal”) of the Company will be implemented in accordance with its terms and the Group will be able to improve its financial position and business upon completion of the Restructuring Proposal. As at date of these Interim Financial Statements, the Directors are not aware of any circumstances or reasons that would likely affect the implementation of the Restructuring Proposal. In light of the foregoing, the Directors opined that it is appropriate to prepare the Interim Financial Statements on a going concern basis. The Interim Financial Statements do not incorporate any adjustments for possible failure of the Restructuring Proposal and the continuance of the Group as a going concern.

The Interim Financial Statements do not include all the information and disclosures required in full set of the financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 March 2010. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2010.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2010

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2010. 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 policies, presentation of the Group’s financial statements and amounts reported for the current period and prior periods.

The Group has not applied the new and revised standards, amendments and interpretations (“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.

2. TURNOVER

The Group’s turnover is as follows:

	Six months ended	
	30 September	
	2010	2009
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(unaudited)	(unaudited)
Sales of goods	142,603	21,258

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2010

3. SEGMENT INFORMATION

The Group has only one operating segment of fashion garments and textiles business.

Segment profits or losses do not include finance costs, income tax and unallocated corporate income and expenses. Segment assets do not include bank and cash balances, and other unallocated corporate assets.

- (a) The Group has only one operating segment of fashion garments and textiles business. Information about reportable segment profit or loss and segment assets:

	For the six months ended	
	30 September	
	2010	2009
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
	(unaudited)	(unaudited)
Revenue from external customers	142,603	21,258
Segment profit	2,950	150
Interest income	1	–
Interest expenses	1,446	1,147
Additions to segment non-current assets	6	–
	<u> </u>	<u> </u>
	At 30 September	At 31 March
	2010	2010
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
	(unaudited)	(audited)
Segment assets	<u>61,950</u>	<u>16,578</u>

**NOTES TO THE CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

For the six months ended 30 September 2010

3. SEGMENT INFORMATION (continued)

(b) Reconciliations of reportable segment profit or loss:

	For the six months ended	
	30 September	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Total profit of reportable segment	2,950	150
Other unallocated income/(expenses):		
Interest income	1	–
Interest expenses	(1,446)	(1,147)
Income tax expense	(646)	–
	<u> </u>	<u> </u>
Consolidated profit/(loss) for the period	<u> 859 </u>	<u> (997) </u>

4. OTHER INCOME

	Six months ended	
	30 September	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Reimbursement of restructuring expenses from the Investor	903	366
Interest income	1	–
Others	45	128
	<u> </u>	<u> </u>
	<u> 949 </u>	<u> 494 </u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2010

5. FINANCE COST

	Six months ended 30 September	
	2010	2009
	HK\$ '000	HK\$ '000
	(unaudited)	(unaudited)
Interest expenses on:		
Convertible notes wholly repayable within 5 years	1,446	1,147
	<u>1,446</u>	<u>1,147</u>

6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2010	2009
	HK\$ '000	HK\$ '000
	(unaudited)	(unaudited)
Current tax – Hong Kong Profits Tax		
Provision for the period	249	–
Current tax – Overseas		
Provision for the period	397	–
	<u>646</u>	<u>–</u>
Income tax expense	<u>646</u>	<u>–</u>

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2010

7. PROFIT/(LOSS) FOR THE PERIOD

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

	Six months ended	
	30 September	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Directors' emoluments		
– As directors	–	–
– For management	–	–
	<hr/>	<hr/>
	–	–
	<hr/>	<hr/>
Staff costs	1,061	134
	<hr/> <hr/>	<hr/> <hr/>

8. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

The calculation of basic earnings per share attributable to equity holders of the Company is based on the profit for the six months period attributable to equity holders of the Company of approximately HK\$621,000 (2009: loss attributable to equity holders of the Company of approximately HK\$997,000) and the weighted average number of ordinary shares of 3,569,364,916 (2009: 3,569,364,916) in issue during the period.

Diluted earnings/(loss) per share

No diluted earnings/(loss) per share is presented as the Company did not have any dilutive potential ordinary sharing during the periods in respect of the warrants and the effects of all convertible notes are anti-dilutive for the six months ended 30 September 2010 and 30 September 2009.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2010

9. DIVIDENDS

The Directors did not recommend the payment of an interim dividend for the six months ended 30 September 2010 (2009: nil).

10. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred approximately HK\$6,000 (2009: nil) for purchase of office equipment.

11. TRADE RECEIVABLES

Other than cash and credit card sales, invoices are normally payable within 30 to 120 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 as at the end of the reporting period, based on invoice dates, is as follows:

	At 30 September 2010	At 31 March 2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Within 30 days	25,832	9,256
31 days to 60 days	1,055	–
61 days to 90 days	1,178	–
91 days to 120 days	671	–
	<hr/>	<hr/>
	28,736	9,256
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2010

12. TRADE PAYABLES

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

	At 30 September 2010	At 31 March 2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Within 30 days	18,664	6,407
31 days to 60 days	778	–
61 days to 180 days	8,116	–
	<u>27,558</u>	<u>6,407</u>

13. DUE TO THE INVESTOR

On 6 August 2010, a directly wholly-owned subsidiary of the Company, UR Group and the Investor entered into a secured loan facility agreement, pursuant to which the Investor agreed to provide a working capital facility up to HK\$15,000,000 to UR Group. The advance of HK\$4,800,000 has already been received from the Investor prior to the date of this agreement. This advance is non-interest bearing, secured by the entire issued share capital of an indirectly wholly-owned subsidiary of the Company, URTDL, and repayable on 31 December 2011.

On 6 August 2010, a directly wholly-owned subsidiary of the Company, Alfreda and the Investor entered into a secured loan facility agreement, pursuant to which the Investor agreed to provide a facility up to HK\$20,000,000 to Alfreda as part of the consideration of the acquisition of the entire interest in Sino Hill. Two advances of HK\$10,000,000 and of HK\$5,000,000 were drawn down from the Investor on 15 September 2010 and on 31 January 2011 respectively. These advances are non-interest bearing, secured by the entire issued share capital of an indirectly wholly-owned subsidiary of the Company, Right Season, and repayable on 31 December 2011.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2010

14. SHARE CAPITAL

	At 30 September 2010	At 31 March 2010
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
	(unaudited)	(audited)
Authorised:		
5,000,000,000 ordinary shares of HK\$0.10 each	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:		
3,569,364,916 ordinary shares of HK\$0.10 each	<u>356,936</u>	<u>356,936</u>

15. CONTINGENT LIABILITIES

The Directors were not aware of any significant contingent liabilities of the Group as at 30 September 2010 (2009: nil).

16. CAPITAL COMMITMENTS

On 9 August 2010, Right Season entered into the S&P 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. On 15 September 2010, a non-interest bearing refundable deposit of HK\$10,000,000 was paid to the owner of Sino Hill. Details of the S&P Agreement are set out in the Company's announcement dated 31 August 2010.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2010

16. CAPITAL COMMITMENTS (continued)

The Group's capital commitments at the end of the reporting period are as follows:

	At 30 September 2010	At 31 March 2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Capital commitments contracted but not provided for in respect of acquisition of – the entire issued share capital of Sino Hill	30,000	–

On 31 December 2010, Right Season entered into the Supplemental Agreement to the S&P Agreement to extend the long stop date and amend certain terms and conditions as set out in the S&P Agreement. Details of the Supplemental Agreement are set out in the Company's announcement dated 4 January 2011.

On 31 January 2011, a loan of HK\$5 million from the Investor was paid to the owner of Sino Hill as a further deposit.

17. 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 30 September 2010 (31 March 2010: HK\$1,118,325,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2010

18. EVENTS AFTER THE REPORTING PERIOD

Winding-up petition

By the order of the High Court dated 15 October 2010, the hearing of the winding-up petition was further adjourned to 4 April 2011.

Appointment of executive director, independent non-executive director and company secretary

The Company has appointed Mr. Chan Chi Yuen as the independent non-executive Director and Mr. NG Cheuk Fan, Keith as the executive Director and company secretary of the Company with effect from 11 November 2010 and 7 January 2011 respectively.

Supplemental Agreement to the S&P Agreement

On 31 December 2010, Right Season entered into the Supplemental Agreement to extend the long stop date and amend certain terms and conditions as set out in the S&P Agreement. Details of the Supplemental Agreement are set out in the Company's announcement dated 4 January 2011.

Loan from Investor for the further deposit for the acquisition of Sino Hill

On 31 January 2011, a loan of HK\$5 million from the Investor was paid to the owner of Sino Hill as a further deposit.

Resumption of trading in the shares of the Company

On 31 January 2011, the Company submitted to the Stock Exchange a reply to its queries on the resumption proposal and the Company is preparing reply to further queries from the Stock Exchange on the resumption proposal.