



**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 2012**

\* *for identification purposes only*

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# 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

## COMPANY SECRETARY

NG Cheuk Fan, Keith

## AUDIT COMMITTEE MEMBERS

CHAN Chi Yuen (*Committee Chairman*)  
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

## PRINCIPAL REGISTRAR (IN BERMUDA)

Codan Services Limited  
Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

## BRANCH REGISTRAR (IN HONG KONG)

Tricor Tengis Limited  
26th Floor, Tesbury Centre  
28 Queen's Road East  
Wan Chai, 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 2012 amounted to approximately HK\$200.50 million, representing an increase as compared with the Group’s turnover of approximately HK\$193.05 million for the six months ended 30 September 2011.

The consolidated profit attributable to equity holders of the Company amounted to approximately HK\$4.01 million for the six months ended 30 September 2012 (six months ended 30 September 2011: approximately HK\$0.61 million). Basic earnings per share was approximately HK0.11 cents for the six months ended 30 September 2012 (six months ended 30 September 2011: approximately HK0.02 cents).

The significant increase in turnover and net profit of the Group is mainly due to additional contribution by Sino Hill Group Limited (“Sino Hill”) and its subsidiaries after the completion of the acquisition of the entire share capital of Sino Hill (the “Acquisition”) by the Group as set out in the circular of the Company dated 25 August 2011.

## LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

Bank and cash balances as at 30 September 2012 was approximately HK\$18.03 million (31 March 2012: approximately HK\$20.24 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 2012: not applicable) as at 30 September 2012.

## 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. As the fluctuation in the exchange rates between Hong Kong dollars and Renminbi, and Hong Kong dollars and US dollars, respectively, has been relatively small

## MANAGEMENT DISCUSSION AND ANALYSIS

in recent years, the Group believes it faces minimal foreign currency risk and thus has not undertaken any hedging activities. As at 30 September 2012, 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 as at 30 September 2012 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the unaudited 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 2012, 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 unaudited condensed consolidated statement of financial position approximate their respective fair values.

## SUSPENSION OF TRADING IN SHARES AND APPOINTMENT OF PROVISIONAL LIQUIDATORS

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

# MANAGEMENT DISCUSSION AND ANALYSIS

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.

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 2012 was approximately HK\$200.50 million.

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 25 March 2013. 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 four supplementary agreements and 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 2012 by

# MANAGEMENT DISCUSSION AND ANALYSIS

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.

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 (the “Scheme”).

## **(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.

## **(d) Scheme and Debt Restructuring**

The Provisional Liquidators and the Investor further negotiated on the terms of the Escrow Agreement after taking into considerations of the comments made by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company will issue such number of shares representing about 5% of the issued share capital of the Company on a fully diluted basis (the “Creditors Shares”) immediately upon completion of (1) the capital restructuring; and (2) the Scheme and debt restructuring.

The Provisional Liquidators proposed to implement the Scheme to settle the debts owed to the creditors by (i) HK\$50 million cash (from the proceeds of subscriptions for shares by the Investor); and (ii) the Creditors Shares. At a meeting of the creditors of the Company held on 7 September 2011, the Scheme was approved and it was subsequently sanctioned by the High Court on 3 November 2011. Since 11 November 2011, the Scheme has become effective.

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.

## MANAGEMENT DISCUSSION AND ANALYSIS

On 17 July 2009, U-RIGHT Trading Development Limited (“URTDL”), an indirectly wholly-owned subsidiary of the Company was incorporated. On 24 January 2010, URTDL entered into a joint venture contract with 石獅市意大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.

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 two directly wholly-owned subsidiaries of the Company, UR Group Limited (“UR Group”) and Alfreda Limited (“Alfreda”), for the provision of general working capital and part of the consideration for the Acquisition respectively. Sino Hill and its subsidiaries are engaged in the design, distribution and sales of fashion apparel under the brands of “*LeRoi*” and “*Meridow*” in the PRC, which is in line with and complementary to the principal business of the Group in relation to the wholesale and retail trading of fashion garments.

On 9 August 2010, an indirectly wholly-owned subsidiary of the Company, Right Season Limited (“Right Season”), entered into a sale and purchase agreement (as supplemented by two supplementary agreements and hereinafter collectively referred as the “S&P Agreement” unless otherwise specified) for the Acquisition, at a consideration of HK\$40 million by way of cash and the promissory note.

On 19 September 2011, a special general meeting of the Company’s shareholders was held and at this meeting, the S&P Agreement and the transactions contemplated thereunder were approved. The Acquisition was eventually completed on 1 October 2011.

Since the incorporation of the Group’s new subsidiaries and completion of the Acquisition, the Group has been engaged in (i) wholesale trading of garments and textile products in the PRC, the Middle East and South-East Asia region; (ii) retail trading of menswear fashion garments under the brand name of “*Yilking*” in the PRC; and (iii) retail trading of ladies wear fashion garments under the brand name of “*LeRoi*” and “*Meridow*” in the PRC.



# MANAGEMENT DISCUSSION AND ANALYSIS

In the fourth quarter of 2011, Xiamen U-Right successfully obtained a business license and opened a shop in Xiamen under the brand name of “*U-Right*”. The Company expects the establishment of a scaled retail chain under the brand name of “*U-Right*” will only be possible upon resumption of trading in the Company’s shares on the Stock Exchange when more funding is available for business development.

## 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.

Since the Company’s first submission of the resumption proposal on 9 August 2010, the Company had from time to time replied to the queries raised from the Stock Exchange on the resumption proposal regarding the existing operations and future development plans of the Group.

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 Scheme.

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## WARNING STATEMENT

Shareholders and potential investors of the Company should note that, (1) the principal elements of the Escrow Agreement may be subject to further changes; (2) the resumption proposal may or may not be approved by the Stock Exchange; and (3) the Scheme would come to an end if the resumption proposal is not approved by the Stock Exchange or any of the conditions precedent in the capital restructuring and the subscription for shares by the Investor is not satisfied before the day falling 4 years after the effective day of the Scheme (i.e. 11 November 2015).

## 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 2012.

## CAPITAL STRUCTURE

For the six months ended 30 September 2012, 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 15 to the unaudited condensed consolidated financial statements.

## CONTINGENT LIABILITIES

Details of contingent liabilities are set out in note 16 to the unaudited condensed consolidated financial statements.

# **MANAGEMENT DISCUSSION AND ANALYSIS**

## **EMPLOYMENT AND REMUNERATION**

Most of the full-time employees of the Group were working in the Company's subsidiaries in the PRC. During the six months ended 30 September 2012 under review, the total employees' costs including directors' remuneration were approximately HK\$1,980,000. 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 2012, 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 unaudited condensed consolidated financial statements.

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

As at 30 September 2012, 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 2012, 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%

# MANAGEMENT DISCUSSION AND ANALYSIS

## *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.

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 2012.

## **INFORMATION ON SHARE OPTION SCHEME**

The Company operated a share option scheme (the "Share Option 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. As the Directors of the Company decided not to extend the Share Option Scheme nor adopt a new share option scheme for the Company, the operation of the Share Option Scheme was ceased from 17 July 2012.

# **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 2012.

## **AUDIT COMMITTEE**

The unaudited results of the Group for the six months ended 30 September, 2012 have been reviewed by the Audit Committee. The Audit Committee constitutes three independent non-executive Directors.

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2012

	Notes	Six months ended 30 September	
		2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
<b>Turnover</b>	2	<b>200,495</b>	193,050
Cost of sales		<b>(180,127)</b>	(182,054)
Gross profit		<b>20,368</b>	10,996
Other income	4	747	829
Selling and distribution expenses		<b>(4,381)</b>	(2,569)
Administrative expenses		<b>(8,271)</b>	(4,689)
<b>Profit from operations</b>		<b>8,463</b>	4,567
Finance costs	5	<b>(2,231)</b>	(2,589)
<b>Profit before tax</b>		<b>6,232</b>	1,978
Income tax	6	<b>(1,776)</b>	(999)
<b>Profit for the period</b>	7	<b>4,456</b>	979
<b>Other comprehensive income after tax:</b>			
Exchange differences on translation of foreign operations		<b>123</b>	172
<b>Total comprehensive income for the period</b>		<b>4,579</b>	1,151
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>4,011</b>	605
Non-controlling interests		<b>445</b>	374
		<b>4,456</b>	979
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		<b>4,124</b>	777
Non-controlling interests		<b>455</b>	374
		<b>4,579</b>	1,151
<b>Earning per share</b>	8		
Basic (HK cents per share)		<b>0.11</b>	0.02
Diluted (HK cents per share)		<b>N/A</b>	N/A

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2012*

	<i>Notes</i>	As at <b>30 September 2012</b> <i>HK\$'000</i> <b>(unaudited)</b>	As at 31 March 2012 <i>HK\$'000</i> <b>(audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	982	949
Goodwill		<b>14,202</b>	14,202
		<hr/> <b>15,184</b> <hr/>	<hr/> 15,151 <hr/>
<b>Current assets</b>			
Inventories		<b>17,520</b>	17,711
Trade receivables	<i>11</i>	<b>64,106</b>	52,212
Prepayments, deposits and other receivables		<b>13,724</b>	9,571
Bank and cash balances		<b>18,032</b>	20,237
		<hr/> <b>113,382</b> <hr/>	<hr/> 99,731 <hr/>
<b>Current liabilities</b>			
Trade payables	<i>12</i>	<b>35,058</b>	31,643
Accruals and other payables		<b>18,134</b>	14,264
Due to deconsolidated subsidiaries		<b>416,314</b>	416,314
Due to the Investor	<i>13</i>	<b>20,000</b>	20,000
Financial guarantee liabilities	<i>14</i>	<b>1,118,325</b>	1,118,325
Convertible notes		<b>76,943</b>	75,539
Current tax liabilities		<b>9,950</b>	10,361
Promissory note		<b>18,182</b>	–
		<hr/> <b>1,712,906</b> <hr/>	<hr/> 1,686,446 <hr/>
<b>Net current liabilities</b>		<hr/> <b>(1,599,524)</b> <hr/>	<hr/> (1,586,715) <hr/>
<b>Total assets less current liabilities</b>		<hr/> <b>(1,584,340)</b> <hr/>	<hr/> (1,571,564) <hr/>
<b>Non-current liabilities</b>			
Promissory note		–	17,355
<b>NET LIABILITIES</b>		<hr/> <b>(1,584,340)</b> <hr/>	<hr/> (1,588,919) <hr/>
<b>Capital and reserves</b>			
Share capital	<i>15</i>	<b>356,936</b>	356,936
Reserves		<b>(1,943,958)</b>	(1,948,082)
Equity attributable to owners of the Company		<hr/> <b>(1,587,022)</b> <hr/>	<hr/> (1,591,146) <hr/>
Non-controlling interests		<b>2,682</b>	2,227
<b>TOTAL EQUITY</b>		<hr/> <b>(1,584,340)</b> <hr/>	<hr/> (1,588,919) <hr/>



# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2012

	Attributable to owners of the Company									
	Share capital	Share premium account	Statutory reserve	Capital reserve	Share-based payment reserve	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At 1 April 2012	356,936	614,493	220	3,020	1,904	571	(2,568,290)	(1,591,146)	2,227	(1,588,919)
Total comprehensive income for the period	-	-	-	-	-	113	4,011	4,124	455	4,579
Transfer upon forfeiture of share options	-	-	-	-	(1,904)	-	1,904	-	-	-
At 30 September 2012	<u>356,936</u>	<u>614,493</u>	<u>220</u>	<u>3,020</u>	<u>-</u>	<u>684</u>	<u>(2,562,375)</u>	<u>(1,587,022)</u>	<u>2,682</u>	<u>(1,584,340)</u>
At 1 April 2011	356,936	614,493	220	3,020	1,904	146	(2,575,180)	(1,598,461)	1,263	(1,597,198)
Total comprehensive income for the period	-	-	-	-	-	172	605	777	374	1,151
At 30 September 2011	<u>356,936</u>	<u>614,493</u>	<u>220</u>	<u>3,020</u>	<u>1,904</u>	<u>318</u>	<u>(2,574,575)</u>	<u>(1,597,684)</u>	<u>1,637</u>	<u>(1,596,047)</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the six months ended 30 September 2012*

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	2011
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
<b>Net cash (used in)/generated from operating activities</b>	<b>(2,007)</b>	2,287
<b>Net cash used in investing activities</b>	<b>(198)</b>	(18)
<b>Net cash used in financing activities</b>	—	(2,494)
<b>Net decrease in cash and cash equivalents</b>	<b>(2,205)</b>	(225)
<b>Cash and cash equivalents at beginning of period</b>	<b>20,237</b>	14,800
<b>Cash and cash equivalents at end of period</b>	<b>18,032</b>	14,575
<b>Analysis of cash and cash equivalents</b>		
Bank and cash balances	<b>18,032</b>	14,575

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2012*

## 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 Group for the six months ended 30 September 2012 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

As at 30 September 2012, the Group had net current liabilities of approximately HK\$1,599,524,000 (31 March 2012: HK\$1,586,715,000) and net liabilities of approximately HK\$1,584,340,000 (31 March 2012: HK\$1,588,919,000) respectively.

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 the 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 the full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2012.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

The preparation of the Interim Financial Statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2012.

In the current period, the Group has adopted all the new and revised HKFRSs that are relevant to its operations and effective for its accounting period beginning on 1 April 2012. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards, 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 financial statements and amounts reported for the current period and prior periods.

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

The Interim Financial Statement are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

## 2. TURNOVER

The Group's turnover is as follow:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Sales of goods	<b>200,495</b>	<b>193,050</b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

## 3. SEGMENT INFORMATION

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.

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Revenue from external customers	<b>200,495</b>	193,050
Segment profit	<b>8,455</b>	4,566
Interest income	<b>8</b>	1
Interest expenses	<b>2,231</b>	2,589
Additions to segment non-current assets	<b>882</b>	18
	<b>=====</b>	<b>=====</b>
	<b>At 30</b>	At 31
	<b>September</b>	March
	<b>2012</b>	2012
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Segment assets	<b>77,487</b>	65,004
	<b>=====</b>	<b>=====</b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2012*

### 3. SEGMENT INFORMATION (continued)

Reconciliation of reportable segment profit:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	2011
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Total profit of reportable segments	<b>8,455</b>	4,566
Other unallocated income/(expenses):		
Interest income	<b>8</b>	1
Interest expenses	<b>(2,231)</b>	(2,589)
Income tax expenses	<b>(1,776)</b>	(999)
	<hr/>	<hr/>
Consolidated profit for the period	<b>4,456</b>	979
	<hr/> <hr/>	<hr/> <hr/>

### 4. OTHER INCOME

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	2011
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Reimbursement of restructuring expenses from the Investor	<b>720</b>	819
Interest income	<b>8</b>	1
Others	<b>19</b>	9
	<hr/>	<hr/>
	<b>747</b>	829
	<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

## 5. FINANCE COSTS

	Six months ended 30 September	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Interest expenses on:		
– Convertible notes wholly repayable within 5 years	1,404	2,589
– Promissory notes wholly repayable within 5 years	827	–
	<u>2,231</u>	<u>2,589</u>

## 6. INCOME TAX

	Six months ended 30 September	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Current tax – Hong Kong Profits Tax		
Provision for the period	312	376
Current tax – Overseas		
Provision for the period	1,464	623
	<u>1,776</u>	<u>999</u>

Hong Kong profits tax is calculated at 16.5% (2011: 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 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

## 7. PROFIT FOR THE PERIOD

The Group's profit for the period is arrived at after charging the amounts as set out below.

	Six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Directors' emoluments		
– As directors	–	–
– For management	–	–
	<hr/>	<hr/>
	–	–
Depreciation	165	9
Cost of inventories sold	180,127	182,054
Staff cost	1,980	1,374
	<hr/> <hr/>	<hr/> <hr/>

## 8. EARNINGS PER SHARE

### Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the six months period attributable to owners of the Company of approximately HK\$4,011,000 (2011: HK\$605,000) and the weighted average number of ordinary shares of 3,569,364,916 (2011: 3,569,364,916) in issue during the period.

### Diluted earnings per share

No diluted earnings per share is presented as the Company did not have any dilutive potential ordinary shares during the periods.

## 9. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2012 (2011: Nil).



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

## 10. PROPERTY, PLANT AND EQUIPMENT

	As at 30 September 2012 <i>HK\$'000</i> (unaudited)	As at 31 March 2012 <i>HK\$'000</i> (audited)
At beginning of the period/year	949	35
Acquisition of subsidiaries	–	440
Additions	198	597
Exchange difference	–	5
Depreciation	(165)	(128)
	<hr/>	<hr/>
At end of the period/year	<u>982</u>	<u>949</u>

## 11. 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.

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

	As at 30 September 2012 <i>HK\$'000</i> (unaudited)	As at 31 March 2012 <i>HK\$'000</i> (audited)
1-30 days	37,410	29,267
31-60 days	6,230	10,153
61-90 days	3,773	6,094
91-120 days	3,716	2,961
Over 120 days	12,977	3,737
	<hr/>	<hr/>
	<u>64,106</u>	<u>52,212</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2012*

## 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:

	<b>As at 30 September 2012 <i>HK\$'000</i> (unaudited)</b>	<b>As at 31 March 2012 <i>HK\$'000</i> (audited)</b>
1-30 days	<b>26,794</b>	12,036
31-60 days	<b>3,391</b>	11,646
61-90 days	<b>471</b>	7,085
91-120 days	<b>2,662</b>	156
Over 120 days	<b>1,740</b>	720
	<b>35,058</b>	31,643
	<b>35,058</b>	31,643

## 13. DUE TO THE INVESTOR

On 6 August 2010, a directly wholly-owned subsidiary of the Company, Alfreda Limited (“Alfreda”) and Advance Lead International Limited (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 issued share capital of Sino Hill Group Limited (the “Acquisition”). Three advances of HK\$10,000,000, HK\$5,000,000 and HK\$5,000,000 were drawn down from the Investor on 15 September 2010, 31 January 2011 and 30 September 2011 respectively in respect of the aforesaid loan facility agreement. These advances are non-interest bearing, secured by the entire issued share capital of an indirectly wholly-owned subsidiary of the Company, Right Season Limited (“Right Season”), and repayable on 31 December 2012.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

## 14. 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 2012 (31 March 2012: HK\$1,118,325,000).

## 15. SHARE CAPITAL

	<b>As at 30 September 2012 HK\$'000 (unaudited)</b>	<b>As at 31 March 2012 HK\$'000 (audited)</b>
Authorized:		
5,000,000,000 ordinary shares of HK\$0.10 each	<b>500,000</b>	500,000
Issued and fully paid:		
3,569,364,916 ordinary shares of HK\$0.10 each	<b>356,936</b>	356,936

## 16. CONTINGENT LIABILITIES

The Directors were not aware of any significant contingent liabilities of the Group as at 30 September 2012 (31 March 2012: Nil).

## 17. EVENTS AFTER THE REPORTING PERIOD

### Resumption Proposal

After the resumption proposal of the Company was submitted to The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 August 2010, the Stock Exchange had made certain queries on the resumption proposal. The Company had replied the Stock Exchange's queries and the resumption proposal is currently under review by the Stock Exchange, which the Stock Exchange has not indicated or confirmed that approval (with or without further conditions) may be granted.