



**U-RIGHT INTERNATIONAL HOLDINGS LIMITED**

**佑威國際控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 00627)**

## **Annual Report 2014**

\* *for identification purposes only*

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### *Executive Directors*

NG Cheuk Fan, Keith (*Chairman*)  
YEUNG Sau Han, Agnes (*Chief Executive Officer*)  
TANG Kwok Hung

### *Non-Executive Director*

CHUNG Wai Man

### *Independent Non-Executive Directors*

CHAN Chi Yuen  
MAK Ka Wing, Patrick  
XIE Tom

## COMPANY SECRETARY

WONG Chi Yan

## AUDIT COMMITTEE

CHAN Chi Yuen (*Chairman*)  
MAK Ka Wing, Patrick  
XIE Tom

## REMUNERATION COMMITTEE

MAK Ka Wing, Patrick (*Chairman*)  
CHAN Chi Yuen  
XIE Tom

## NOMINATION COMMITTEE

MAK Ka Wing, Patrick (*Chairman*)  
CHAN Chi Yuen  
XIE Tom

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

21/F., Bank of China Tower  
1 Garden Road  
Central  
Hong Kong

## STOCK CODE

627

## WEBSITE

[www.uright.com.hk](http://www.uright.com.hk)

## AUDITOR

ZHONGHUI ANDA CPA Limited

## BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited  
Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## PRINCIPAL BANKS

Nanyang Commercial Bank Limited  
Fubon Bank Limited

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors"), I am pleased to present the annual report of U-RIGHT International Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2014.

## **BUSINESS REVIEW AND PROSPECTS**

For the year ended 31 March 2014, the Group continued to focus on the distinctive business lines of wholesale of garments and retail of fashion garments. The Group recorded a turnover of approximately HK\$335 million and profit attributable to the shareholders of the Company for the current year amounted to approximately HK\$1,544 million.

During the year the Group continued to focus its resources on developing its garment retail business under the brand "U-RIGHT". Despite the slower economic growth in the PRC, the Group gradually expanded and fortified its distribution network through installation of new sales points. The Group experienced increase in gross margin with an overall drop in sales, as the Group's is repositioning its wholesale business with the target of enriching its product portfolio in response to market demand.

Trading of the shares of the Company has been suspended since 17 September 2008. During the year, the Company has successfully completed a series of corporate restructuring exercises, including capital restructuring, debt restructuring, fundraising by ways of open offer and subscription, issue of bonus share and creditors' share. All the resumption conditions of the Company have been fulfilled on 18 September 2013; the trading of shares of the Company was resumed on 23 September 2013.

Upon the completion of the abovementioned corporate restructuring exercises, the Group has strengthened its financial base and is therefore obtained resources to continue to develop its existing business and to grasp suitable business opportunities with immediately available fund should appropriate chance arise. Looking forward, the Group will continue to seize strategic investment opportunities with an aim to further strengthen the asset base and/or to generate stable income to the Group.

## **APPRECIATION**

Finally, on behalf of the Board, I would like to take this opportunity to express my sincere appreciation to our staff for their dedication and commitment as well as to our valued shareholders, customers, suppliers and other business partners for their support and encouragement to the Group in the past year.

**NG Cheuk Fan, Keith**

*Chairman*

Hong Kong, 25 June 2014

# MANAGEMENT DISCUSSION AND ANALYSIS

## GROUP RESTRUCTURING AND RESUMPTION OF TRADING OF SHARES

During the year, the Company has successfully completed a series of corporate restructuring exercises, including but not limited to capital restructuring, debt restructuring, fundraising by ways of open offer and subscription, issue of bonus shares and creditors' shares. In addition, pursuant to the order of the High Court of Hong Kong dated 16 September 2013, the winding-up petition against the Company was dismissed and the Provisional Liquidators of the Company were discharged on 16 September 2013. As all the resumption conditions of the Company have been fulfilled on 18 September 2013, the trading of shares of the Company was resumed on 23 September 2013.

## BUSINESS REVIEW

For the year ended 31 March 2014, the Group continued to engage in operating with distinctive business lines of wholesale of garments and retail of fashion garments covering men, women and children's wear. The Group recorded a turnover of approximately HK\$334.6 million (2013: approximately HK\$392.6 million), and recorded profit from operations of approximately HK\$17.5 million (2013: approximately HK\$18.0 million). Profit attributable to the owners of the Company for the year 2014 amounted to approximately HK\$1,543.2 million (2013: HK\$8.3 million). Basic earnings per share increased from HK\$0.08 for the year ended 31 March 2013 to HK\$2.04 for the year ended 31 March 2014. The significant increase was mainly attributable to the one off gain on the scheme of arrangement as mentioned in the section "Scheme of Arrangement" below.

With reference to the profit forecasts contained in the circular of the Company dated 26 July 2013 (the "Circular"), the forecast consolidated profit and the forecast consolidated profit excluding extraordinary items attributable to the owners of the Company for the year ending 31 March 2014 would be approximately HK\$1,545.2 million and HK\$12.6 million respectively (collectively, the "Profit Forecasts"). The actual consolidated profit and the actual consolidated profit excluding extraordinary items attributable to the owners of the Company for the year ended 31 March 2014 were approximately HK\$1,543.2 million (approximately 0.1% less than the Profit Forecasts) and HK\$12.1 million (approximately 3.6% less than the Profit Forecasts) respectively.

The shortfall of approximately 3.6% in the consolidated profit excluding extraordinary items attributable to the owners of the Company was mainly due to the slower economy resulted in the Group's business achieving a less than expected growth. While the shortfall of approximately 0.1% in the consolidated profit attributable to the owners of the Company was mainly due to over-estimation of restructuring costs and the gain on debts discharged under the Scheme of Arrangement.

## DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 March 2014 (2013: nil).

## FINANCIAL REVIEW

### Liquidity and Financial Resources

Upon the completion of a series of corporate and debt restructuring exercises of the Company on 18 September 2013, the Group's financial position had been significantly improved. As at 31 March 2014, the Group had total assets of approximately HK\$194,066,000 (31 March 2013: approximately HK\$120,826,000), comprising bank and cash balances of approximately HK\$79,215,000 (31 March 2013: approximately HK\$9,424,000). The Group's current ratio, calculated as current assets of approximately HK\$178,867,000 (31 March 2013: approximately HK\$105,417,000) over current liabilities of approximately HK\$46,737,000 (31 March 2013: approximately HK\$1,699,970,000), improved to 3.8 as at 31 March 2014 (31 March 2013: 0.1).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Group Reorganization

Pursuant to the terms of the Scheme of the Company effective on 11 November 2011, the Excluded Subsidiaries of the Company, as defined in circular of the Company dated 26 July 2013, have been ceased to be subsidiaries of the Company. Therefore, the net liabilities carried by the Excluded Subsidiaries were not consolidated in the consolidated financial statement of the Group for the year ended 31 March 2014.

## Scheme of Arrangement

On 18 September 2013, all indebtedness and liabilities of the Company owing to the creditors as at 11 November 2011 were discharged and certain assets of the Company had been paid or transferred to a company which holds the assets for the benefit of the creditors in pursuant to the terms of the Scheme. The debts discharged under the Scheme resulted in a gain of approximately HK\$1,403.6 million during the current year.

## Foreign currency management

Most of the Group's transactions, assets and liabilities are principally denominated in Hong Kong dollars and Renminbi, which are the functional currencies of the Group entities. Therefore, the Group believes it faces minimal foreign currency risk and thus has not undertaken any hedging activities.

## Capital Commitment

The Group had capital commitments, which are contracted but not provided for, in respect of the capital contribution to two subsidiaries amounting to approximately HK\$69,210,000 as at 31 March 2014.

## Pledged of Assets and Contingent Liabilities

The Group had no significant pledge of assets nor contingent liabilities as at 31 March 2014.

## CAPITAL STRUCTURE

As part of the group restructuring, the Company has completed a series of capital restructuring including share consolidation, capital reduction and share subdivision. As a result, the authorized share capital of the Company after the capital restructuring was 50,000,000,000 of HK\$0.01 each with total par value of HK\$500,000,000.

On 18 September 2013, the Company has issued (i) 178,468,245 shares under open offer pursuant to the underwriting agreement; (ii) 970,000,000 shares to investor (now the controlling shareholder of the Company) pursuant to the subscription agreement; (iii) 71,387,298 bonus shares to qualifying shareholders and (iv) 66,133,333 shares to creditors pursuant to the Scheme. The gross proceed from open offer and the subscription of approximately HK\$172 million was used as intend. Details were set out in the circular and announcement of the Company dated 26 July 2013 and 18 September 2013 respectively.

At the year ended 31 March 2014, the Company comprise of 1,321,682,525 issued shares with par value of HK\$0.01 as enlarged by the issue of open offer shares, subscription shares, bonus shares and the creditors shares.

# MANAGEMENT DISCUSSION AND ANALYSIS

## MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENT

The Group did not have any material acquisition, disposal or investment for the year ended 31 March 2014.

## EVENT AFTER REPORTING PERIOD

On 26 May 2014, the Group has acquired 5 properties in the PRC with a total consideration of approximately HK\$10.1 million for its own use as retail shops.

## EMPLOYEES AND REMUNERATION POLICIES

At 31 March 2014, the Group had approximately 170 employees. For the year ended 31 March 2014, the total staff cost including the Directors' emolument was approximately HK\$9,258,000. Remuneration of the employees is determined by reference to the market terms and commensurates with the level of pay for similar responsibilities within the industry. Discretionary year-end bonuses are payable to the employees based on individual performance. The Group provides benefits in accordance with the relevant laws and regulations including the Mandatory Provident Fund Scheme of Hong Kong.

## PROSPECTS

Under the completion of the corporate and debt restructuring exercises of the Company in September 2013, the financial position of the Group had been successfully improved by turning from net liabilities to net assets amounting to approximately HK\$147 million as at 31 March 2014. The successful completion of the share subscription by the investor (now the controlling shareholder of the Company) and the open offer of new shares in September 2013 contributed new working capital for the continuation as well as the future expansion of the Group's businesses.

Nevertheless, the Group has been managing its businesses prudently since keen competition of the garment business will exert pressure on the performance regarding both the business volume and the profit margin of the Group. Looking forward, the Group will continue to manage its businesses in a prudent manner to ensure a stable prospect for the shareholders of the Company.

## DIRECTORS AND COMPANY SECRETARY

As at date of report, the profiles of the Directors and company secretary are set out as below:

### EXECUTIVE DIRECTORS

**Mr. NG Cheuk Fan, Keith** (“Mr. Ng”), aged 53, has been appointed as an executive Director with effect from 7 January 2011. He is also the Chairman of the Company. Mr. Ng graduated from the University of Alberta, Canada with a Bachelor’s degree in Commerce, majoring in Accounting. He also received a Master of Commerce degree in Professional Accounting from the University of New South Wales, Australia. Mr. Ng is a member of the CPA Australia and an associate member of the Hong Kong Institute of Certified Public Accountants.

Mr. Ng has over 20 years of experience in corporate development, corporate restructuring, management and accounting. He is an executive director and of China Fortune Financial Group Limited (stock code: 290). Mr. Ng was an independent non-executive director of The Hong Kong Building and Loan Agency Limited (stock code: 145) from 15 January 2010 to 3 August 2012 and an executive director of Capital Environment Holdings Limited (formerly known as New Environmental Energy Holdings Limited) (stock code: 3989) from 16 August 2010 to 30 May 2011 and Hao Tin Development Group Limited (formerly known as Hao Tian Resources Group Limited) (stock code: 474) from 1 September 2009 to 21 September 2011.

**Ms. YEUNG Sau Han, Agnes** (“Ms. Yeung”), aged 47, has been was appointed as executive Director and Chief Executive Officer of the Company with effect from 18 September 2013. Ms. Yeung is the design director and assistant general manager of a subsidiary of the Company and had worked in various garment companies for over 20 years.

Ms. Yeung is currently the chief executive officer and executive director of PME Group Limited (stock code: 379). She was an executive director of Chinese Strategic Holdings Limited (stock code: 8089) from 8 May 2008 to 8 January 2014.

**Mr. TANG Kwok Hung** (“Mr. Tang”), aged 47, has been appointed as an executive Director with effect from 5 November 2013. He 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 Management Accountant of the Institute of Management Accountants in the United States of America, a member of the Hong Kong Securities and Investment Institute, and a member of Hong Kong Institute of Real Estate Administrators.

Mr. Tang 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. He was also the executive director of the Company for the period from 1 February 2010 to 18 September 2013.



# DIRECTORS AND COMPANY SECRETARY

## NON-EXECUTIVE DIRECTOR

**Mr. CHUNG Wai Man** (“Mr. Chung”), aged 56, has been an independent non-executive Director of the Company since 15 January 2009 and has been redesignated as a non-executive Director with effect from 29 August 2013. He holds a Diploma in Business Management and a Certificate of Bank of China Banking Course. He started working in The Kwangtung Provincial Bank in 1976, and his last position before leaving the bank in 1996 was a manager in charge of the Tai Po sub-branch. After leaving The Kwangtung Provincial Bank, Mr. Chung established “Raymond Chung Company”, a finance and business consulting firm for corporations in Hong Kong. In 2004, he set up another consulting firm, Excel Linker Capital (Asia) Limited to provide similar consultancy service. Due to duplicity of the business nature, Raymond Chung Company was closed on 12 September 2006. In 2009, Mr. Chung applied to deregister Excel Linker Capital (Asia) Limited as he decided to quit the consultancy services market. Mr. Chung is currently an independent non-executive director of China Kingston Mining Holdings Limited (stock code: 1380) from 6 February 2013. He was an independent non-executive director of FU JI Food and Catering Services Holdings Limited (stock code: 1175) from 1 June 2011 to 8 July 2013.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. MAK Ka Wing Patrick** (“Mr. Mak”), aged 50, has been appointed as an independent non-executive Director with effect from 15 January 2009. He is also the chairman of the Remuneration Committee and Nomination Committee of the Company. He is a registered solicitor of the High Court of Hong Kong and Managing 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.

Mr. Mak is currently a director of Asia Green Agriculture Corporation which was incorporated under the laws of the State of Nevada, USA. He is also an independent non-executive director of FU JI Food and Catering Services Holdings Limited (stock code: 1175) and EYANG Holdings (Group) Co., Limited (stock code: 117).

Mr. Mak was an independent non-executive director of Sinogreen Energy International Group Limited (stock code: 1159) from 22 April 2010 to 31 August 2013, independent non-executive director and non-executive director of China Kingston Mining Holdings Limited (stock code: 1380) for the period from 6 February 2013 to 16 April 2013 and from 17 April 2013 to 13 June 2013 respectively.

**Mr. CHAN Chi Yuen** (“Mr. Chan”), aged 47, has been appointed as an independent non-executive Director with effect from 11 November 2010. He is also the chairman of the Audit Committee of the Company. He holds a Bachelor’s degree with honours in Business administration and a Master of Science degree in Corporate Governance and Directorship. He is a fellow of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants and is an associate of The Institute of Chartered Accountants in England and Wales. Mr. Chan is a practicing certified public accountant and has extensive experience in financial management, corporate finance and corporate governance.

## DIRECTORS AND COMPANY SECRETARY

Mr. Chan is currently an executive director and chief executive officer of Noble Century Investment Holdings Limited (stock code: 2322) and an executive director of South East Group Limited (stock code: 726). He is also an independent non-executive director of Asia Energy Logistics Group Limited (stock code: 351), China Gamma Group Limited (stock code: 164), Jun Yang Solar Power Investments Limited (stock code: 397), China Sandi Holdings Limited (stock code: 910), Media Asia Group Holdings Limited (stock code: 8075), and New Times Energy Corporation Limited (stock code: 166) (redesignated from non-executive director with effect from 18 May 2012).

Mr. Chan was an independent non-executive director of the Hong Kong Building and Loan Agency Limited (stock code: 0145) from 2 October 2009 to 1 February 2011 and an executive director of Kong Sun Holdings Limited (stock code: 295) from 22 February 2007 to 30 November 2009 and from 8 December 2011 to 30 September 2013.

**Mr. XIE Tom** (“Mr. Xie”), aged 63, has been appointed as an independent non-executive Director with effect from 29 August 2013. Mr. Xie has years of management experience with a Hong Kong listed company. He obtained a Master of Science degree and a master’s graduation certificate in Gemology both from the China University of Geosciences (Beijing) in 2012. He is also the Permanent Honorary Chairman of the Confederacy of Hong Kong Shanwei Clansmen Limited. Mr. Xie is currently an independent non-executive director of Yuan Heng Gas Holdings Limited (formerly known as Ngai Lik Industrial Holdings Limited) (stock code: 332).

### COMPANY SECRETARY

**Ms. WONG Chi Yan** (“Ms. Wong”), aged 32, has been appointed as the company secretary of the Company with effect from 18 September 2013. Ms. Wong holds a Bachelor of Business Administration degree in Accounting from Hong Kong Baptist University. She is an associate member of the Hong Kong Institute of Certified Public Accountants, an associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. She has extensive experiences in auditing, accounting and secretarial affairs.

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain high standards of corporate governance. The Board believes that effective corporate governance practices are fundamental to enhance the shareholders' value and safeguard the interests of the shareholders. Accordingly, the Company has adopted sound corporate governance practices that emphasis an effective internal control and accountability to all shareholders.

Immediate after the resumption of trading of the Company, the Company has complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") except for the deviation from the code provision A.4.1 which is explained below.

### Code Provision A.4.1

Under the code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The existing non-executive Director and independent non-executive Directors are not appointed for a specific term as required under the code provision A.4.1 but are subject to retirement by rotation and re-election at annual general meeting in accordance with the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company has good corporate governance practices.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by Directors. The Company has made specific enquiries and all the Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year.

## BOARD OF DIRECTORS

The Board comprises three executive Directors, Mr. Ng Cheuk Fan, Keith, Mr. Tang Kwok Hung and Ms. Yeung Sau Han, Agnes, one non-executive Director, Mr. Chung Wai Man and three independent non-executive Directors, Mr. Chan Chi Yuen, Mr. Mak Ka Wing, Patrick and Mr. Xie Tom. Biographical information of the Directors is set out in the section "Directors and Company Secretary" of this annual report.

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance. Directors take decisions objectively in the interests of the Company. Some functions including, inter alia, monitor and approval of material transactions, matters involving conflict of interest for a substantial shareholder or director of the Company, the approval of the interim and annual results, other disclosures to the public or regulators and the internal control system are reserved by the Board and the decisions relating to such matters shall be subject to the decision of the Board. Matters not specifically reserved to the Board and necessary for the daily operations of the Company are delegated to the management under the supervision of the respective Directors and the leadership of the Chief Executive Officer.

# CORPORATE GOVERNANCE REPORT

The Board meets regularly throughout the financial year. All Directors are given the opportunity to put items on the agenda for regular Board meetings. All Directors have access to the company secretary of the Company to ensure that all Board procedures and rules and regulations are followed. Full minutes of Board meetings are kept by the Company Secretary and are available for inspection on reasonable notice. Any Director may, in furtherance of his duties, take independent professional advice where necessary at the expense of the Company.

Throughout the year and up to the date of this report, the Company complied with Rules 3.10(1) and (2) of the Listing Rules relating to the appointment of a sufficient number of independent non-executive directors and at least one of the independent non-executive directors has appropriate professional qualifications or accounting or related financial management expertise. The Company has received confirmations from all independent non-executive Directors that they did not have any businesses or financial interests with the Group and were independent as at 31 March 2014 in accordance with Rule 3.13 of the Listing Rules.

There is no relationship, including financial, business, family or other material/relevant relationships among the Board members.

## **Appointment, Re-election and Removal of Directors**

In accordance with Bye-law 83 of the Bye-laws of the Company (the “Bye-laws”), a director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

According to Bye-law 84, at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years, and shall then be eligible for re-election.

In accordance with Bye-law 83, the shareholders of the Company may by an ordinary resolution remove a director (but without prejudice to any claim for damages under any such agreement) before the expiration of his period of office, and may by an ordinary resolution appoint another person in his stead.

## **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

The Chairman of the Company is Mr. Ng Cheuk Fan, Keith whereas the Chief Executive Officer of the Company is Ms. Yeung Sau Han, Agnes. Their roles are separated, with a clear division of responsibilities. The Chairman is responsible for the leadership of the Board, ensuring its effectiveness in all aspects of its role for setting its agenda and taking into account any matters proposed by other directors for inclusion in the agenda. The Chief Executive Officer is responsible for the day-to-day management of the Group’s business.

# CORPORATE GOVERNANCE REPORT

## BOARD COMMITTEES

Immediately before the resumption of trading of the Company, the Board has established three committees, namely, Remuneration Committee, Nomination Committee and Audit Committee, for overseeing particular aspects of the Group's affairs. Details of which are set out below. All Board committees of the Company are established with defined written terms of reference which are available on the Company's website and the Stock Exchange's website.

### Audit Committee

The Audit Committee of the Company comprises three independent non-executive Directors, Mr. Chan Chi Yuen (the Chairman of the Audit Committee), Mr. Mak Ka Wing, Patrick and Mr. Xie Tom. The primary duties of the Audit Committee are to (i) review the Group's financial reporting system, the nature and scope of audit review; (ii) review the effectiveness of the system of internal control procedures and risk management; (iii) make recommendations in relation to the appointment, reappointment and removal of the external auditor; and (iv) review and monitor the external auditor's independence and objectivity. In addition, the Audit Committee discusses matters raised by the external auditor and regulatory bodies to ensure that appropriate recommendations are implemented. The Audit Committee shall meet at least twice a year.

During the year, the Audit Committee reviewed the interim and annual results with the external auditor and made recommendation to the Board on the re-appointment of the external auditor in accordance with the Audit Committee's written terms of reference.

The Audit Committee held 2 meetings during the year ended 31 March 2014. The attendance record of each member of the Audit Committee is set out in the sub-section "Directors' and Committees' Meeting Attendance" of "Corporate Governance Report" in this annual report.

### Remuneration Committee

The Remuneration Committee of the Company comprises three independent non-executive Directors, Mr. Mak Ka Wing, Patrick (the Chairman of the Remuneration Committee), Mr. Chan Chi Yuen and Mr. Xie Tom. The primary duties of the Remuneration Committee are to (i) make recommendations to the Board on the policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for remuneration policy; (ii) make recommendations to the Board on the remuneration package of individual executive directors, non-executive directors and senior management; and (iii) review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment. The Remuneration Committee shall meet at least once a year.

During the year, the Remuneration Committee reviewed the remuneration packages of the Directors and senior management and made recommendations to the Board on the remuneration of the Directors and senior management in accordance with the Remuneration Committee's written terms of reference. The amounts paid to each Director for the year ended 31 March 2014 are set out in note 15 to the consolidated financial statements.

# CORPORATE GOVERNANCE REPORT

Pursuant to code provision B.1.5 of the CG Code, the annual remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed “Directors and Company Secretary” in this annual report for the year by band is set out as follow:

<b>Remuneration band (in HK\$)</b>	<b>Number of individuals</b>
Nil to 1,000,000	1

The Remuneration Committee held 1 meeting during the year ended 31 March 2014. The attendance record of each member of the Remuneration Committee is set out in the sub-section “Directors’ and Committees’ Meeting Attendance” of “Corporate Governance Report” in this annual report.

## **Nomination Committee**

The Nomination Committee of the Company comprises three independent non-executive Directors, Mr. Mak Ka Wing, Patrick (the Chairman of the Nomination Committee), Mr. Chan Chi Yuen and Mr. Xie Tom. The primary duties of the Nomination Committee are to (i) review the structure, size and composition (including skills, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board; (ii) identify individuals suitably qualified to become Board members; (iii) assess the independence of independent non-executive directors; and (iv) make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors. The Nomination Committee shall meet at least once a year.

During the year, the Nomination Committee reviewed the composition of the Board and made recommendations to the Board on the appointment of the newly appointed executive Director in accordance with the Nomination Committee’s written terms of reference.

The Nomination Committee held 1 meeting during the year ended 31 March 2014. The attendance record of each member of the Nomination Committee is set out in the sub-section “Directors’ and Committees’ Meeting Attendance” of “Corporate Governance Report” in this annual report.

## **Board Diversity Policy**

Immediately before the resumption of trading of the Company, the Group adopted a board diversity policy (the “Board Diversity Policy”) setting out the approach to diversify members of the Board. The Company believes that a diversified perspective can be achieved through implementation of the Board Diversity Policy. The diversity of the Board members should be assessed on a diversity of perspectives including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on objective criteria, merit and contribution that the selected candidates will bring to the Board having due regard for the benefits of diversity on the Board. The Nomination Committee will review the Board Diversity Policy on a regular basis to ensure its continued effectiveness.

# CORPORATE GOVERNANCE REPORT

## DIRECTORS' AND COMMITTEES' MEETING ATTENDANCE

During the year ended 31 March 2014, the Board held 10 Board meetings.

The attendance record of each Director at the Board meetings, the committees' meetings and the general meetings of the Company held during the year is set out below:

Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting	Special General Meeting
<i>Executive Directors</i>						
Mr. Ng Cheuk Fan, Keith	10/10	N/A	N/A	N/A	1/1	1/1
Ms. Yeung Sau Han, Agnes (Note 1)	4/4	N/A	N/A	N/A	0/1	N/A
Mr. Tang Kwok Hung (Note 2)	8/9	N/A	N/A	N/A	N/A	0/1
<i>Non-executive Director</i>						
Mr. Chung Wai Man (Note 3)	10/10	1/1	N/A	N/A	1/1	0/1
<i>Independent Non-executive Directors</i>						
Mr. Mak Ka Wing, Patrick	8/10	2/2	1/1	1/1	1/1	1/1
Mr. Chan Chi Yuen	7/10	2/2	1/1	1/1	1/1	1/1
Mr. Xie Tom (Note 4)	4/5	2/2	1/1	1/1	0/1	N/A

*Notes:*

- (1) Ms. Yeung Sau Han, Agnes has been appointed as an executive Director with effect from 18 September 2013
- (2) Mr. Tang Kwok Hung has been resigned as an executive Director with effect from 18 September 2013 and appointed as an executive Director with effect from 5 November 2013
- (3) Mr. Chung Wai Man has been re-designated from an independent non-executive Director to a non-executive Director with effect from 29 August 2013
- (4) Mr. Xie Tom has been appointed as an independent non-executive Director with effect from 29 August 2013

## CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for directors will be arranged at the expenses of the Company where necessary.

During the year, each of Mr. Ng Cheuk Fan, Keith, Mr. Tang Kwok Hung, Ms. Yeung Sau Han, Agnes, Mr. Chung Wai Man, Mr. Chan Chi Yuen, Mr. Mak Ka Wing, Patrick and Mr. Xie Tom has participated in continuous professional development by attending seminars and/or studying materials relevant to director's duties and responsibility. Their training records have been provided to the Company.

# CORPORATE GOVERNANCE REPORT

## DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors acknowledged their responsibility for preparing the financial statements for each financial period to give a true and fair view of the state of affairs of the Company. In preparing the financial statements for the year ended 31 March 2014, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis.

The statement of the external auditor of the Company regarding their reporting responsibilities on the financial statement of the Company is set out in the "Independent Auditor's Report" of this annual report.

## DIRECTORS' AND OFFICERS' LIABILITIES

The Company has arranged for appropriate insurance covering the liabilities of the Directors that may arise out of the corporate activities, which has been complied with the CG Code. The insurance coverage is reviewed on an annual basis.

## COMPANY SECRETARY

The Company Secretary, Ms. Wong Chi Yan, is responsible to the Board for ensuring that the Board procedures are followed and the Board activities are efficiently and effectively conducted. She is also responsible for ensuring the Board is fully apprised of the relevant legislative, regulatory and corporate governance developments relating to the Group and facilitating the induction and professional development of directors.

During the year under review, Ms. Wong has attended relevant professional seminars to update her skills and knowledge. She has met the training requirement set out in Rule 3.29 of the Listing Rules.

## AUDITOR'S REMUNERATION

The remuneration in respect of audit and non-audit services for the year ended 31 March 2014 provided by the Company's auditor, ZHONGHUI ANDA CPA Limited, are as follows:

	<i>HK\$'000</i>
Audit services	700
Non-audit services (Group restructuring and resumption)	<u>645</u>
Total	<u><u>1,345</u></u>



# CORPORATE GOVERNANCE REPORT

## SHAREHOLDERS' RIGHTS

### (I) Convene a Special General Meeting

Shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at the general meetings of the Company shall at all times submit a signed written requisition, specifying the purpose, to the Board or the company secretary of the Company to require the convening of a special general meeting ("SGM"). If within twenty-one days of such deposit the Board fails to proceed to convene the SGM, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, themselves may convene a SGM, but any SGM so convened shall not be held after the expiration of three months from twenty-one days of the deposit.

### (II) Send Enquiries to the Board

Enquiries of shareholders can be sent to the Company either by email at [adminx@uright.com.hk](mailto:adminx@uright.com.hk) or by post to the principal office of the Company at 21/F., Bank of China Tower, 1 Garden Road, Central, Hong Kong. Shareholders can also make enquires with the Board directly at the general meetings.

### (III) Make Proposals at General Meetings

Pursuant to the Bye-laws (as amended from time to time), the Shareholders who wish to move a resolution may by means of requisition convene a SGM follow the procedures as set out above.

## INVESTOR RELATIONS

The Company considers effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business. The Company endeavors to maintain an on-going dialogue with shareholders and in particular, through annual general meeting and other general meetings. The website of the Company at <http://www.uright.com.hk> has provided an effective communication platform to the public and the shareholders.

During the year ended 31 March 2014, the new Bye-laws have been adopted at a SGM held on 19 August 2013. The latest version of the Company's constitutional documents is available on the Company's website and the Stock Exchange's website.

## INTERNAL CONTROL AND RISK MANAGEMENT

The Board ensures the maintenance of sound and effective internal controls to safeguard the shareholders' investment and the assets of the Company. It has been an important duty of the Directors to conduct a review of the effectiveness of the system of internal control of the Group annually or at anytime necessary. The review covers all material controls, including financial, operational and compliance controls, as well as risk management functions.

During the year under review, as one of the resumption conditions, the Company engaged an independent professional adviser to conduct an internal control review on the Group (the "Review"). Based on the report of the Review, it was concluded that the Group has adequate and effective financial reporting procedures and systems of internal control. Accordingly, the Board considered that the internal control system of the Group was in place and effective.

# DIRECTORS' REPORT

The Directors present their annual report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2014.

## PRINCIPAL ACTIVITIES

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

## RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on page 25.

The Board resolved not to pay any final dividend for the year ended 31 March 2014.

## MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2014, the five largest customers of the Group together accounted for approximately 60%, with the largest customer accounted for approximately 22% of the Group's total turnover. The five largest suppliers of the Group together accounted for approximately 44%, with the largest supplier accounted for approximately 6% of the Group's total purchases during the year.

To the best of the Directors' knowledge, at no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the year in the property, plant and equipment of the Group are set out in note 18 to the consolidated financial statements.

## SHARE CAPITAL

Details of the movements during the year in the share capital of the Company are set out in note 29 to the consolidated financial statements.

## PRE-EMPTIVE RIGHTS

There is no provision for the exercise of any 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.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

# DIRECTORS' REPORT

## DISTRIBUTABLE RESERVES OF THE COMPANY

At 31 March 2014, the Company had no reserves available for distribution (31 March 2013: Nil).

## FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial periods is set out on page 64.

## EVENT AFTER REPORTING PERIOD

On 26 May 2014, the Group has acquired 5 properties in the PRC with a total consideration of approximately HK\$10.1 million for its own use as retail shops.

## DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

### *Executive Directors*

NG Cheuk Fan, Keith (*Chairman*)

YEUNG Sau Han, Agnes (*Chief Executive Officer*) (*Note 1*)

TANG Kwok Hung (*Note 2*)

### *Non-Executive Director*

CHUNG Wai Man (*Note 3*)

### *Independent Non-Executive Directors*

CHAN Chi Yuen

MAK Ka Wing, Patrick

XIE Tom (*Note 4*)

### *Notes:*

- (1) Ms. Yeung Sau Han, Agnes has been appointed as an executive Director with effect from 18 September 2013
- (2) Mr. Tang Kwok Hung has been resigned as an executive Director with effect from 18 September 2013 and appointed as an executive Director with effect from 5 November 2013
- (3) Mr. Chung Wai Man has been re-designated from an independent non-executive Director to a non-executive Director with effect from 29 August 2013
- (4) Mr. Xie Tom has been appointed as an independent non-executive Director with effect from 29 August 2013

According to Bye-law 84, Mr. Tang Kwok Hung and Ms. Yeung Sau Han, Agnes appointed by the Board shall retire at the AGM; while according to Bye-law 83(2), Mr. Ng Cheuk Fan, Keith and Mr. Chung Wai Man shall retire from office by rotation at the AGM. Mr. Tang Kwok Hung and Mr. Ng Cheuk Fan, Keith, being eligible, will offer themselves for re-election. Ms. Yeung Sau Han, Agnes and Mr. Chung Wai Man will not offer themselves for re-election at the AGM in order to devote more time in other business.

## **DIRECTORS' REPORT**

Independent Non-executive Directors are not appointed for a specific term and are subject to retirement by rotation in accordance with the Company's Bye-laws.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

### **DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

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

### **ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

At no time during the year was the Company or its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

During the year, no Directors or their respective associates (as defined in the Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

### **MANAGEMENT CONTRACTS**

No contract concerning the management and administration of the whole and any substantial part of the business of the Company was entered into or in existence during the year.

### **CONNECTED TRANSACTIONS**

Related party transactions entered by the Group during the year ended 31 March 2014, which do not constitute connected transactions in accordance with the requirements of the Listing Rules, are disclosed in note 33 to the consolidated financial statements.

### **DIRECTORS' AND THE CHIEF EXECUTIVE'S INTERESTS IN SECURITIES OF THE COMPANY**

As at 31 March 2014, none of the directors or chief executives of the Company nor their associates had any interest or short positions in any shares, underlying shares and 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.

# DIRECTORS' REPORT

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES OF THE COMPANY

As at 31 March 2014, the following shareholders (other than the Directors or the chief executive of the Company) had an interest or short positions in the shares or underlying shares as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO and were directly or indirectly interest in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meeting of any other members of the Group were as follows:

Name	Position	Type of interest	Number of shares	Approximate % of the Company's issued share capital
Advance Lead International Limited	Long	Beneficial owner	970,000,000 (Note)	73.39%
Easy Advance Investments Limited	Long	Interest of corporation controlled by the substantial shareholder	970,000,000 (Note)	73.39%
Advance Shine Holdings Limited	Long	Interest of corporation controlled by the substantial shareholder	970,000,000 (Note)	73.39%
Sino Classic Global Limited	Long	Interest of corporation controlled by the substantial shareholder	970,000,000 (Note)	73.39%
Great Novel Limited	Long	Interest of corporation controlled by the substantial shareholder	970,000,000 (Note)	73.39%
Mr. Chau Pak Chuen	Long	Interest of corporation controlled by the substantial shareholder	970,000,000 (Note)	73.39%
Ms. Au Tsui Yee, Maggie	Long	Interest of corporation controlled by the substantial shareholder	970,000,000 (Note)	73.39%
Mr. Chau Kai Man	Long	Interest of corporation controlled by the substantial shareholder	970,000,000 (Note)	73.39%

*Note:* The shares are beneficially owned by Advance Lead International Limited. Advance Lead International Limited is owned by (i) Sino Classic Global Limited as to 30% in which Ms. Au Tsui Yee, Maggie is the sole beneficial owner; (ii) Great Novel Limited as to 30% in which Mr. Chau Kai Man is the sole beneficial owner; and (iii) Easy Advance Investments Limited as to 40%, which is a wholly-owned subsidiary of Advance Shine Holdings Limited. Mr. Chau Pak Chuen is the sole beneficial owner of Advance Shine Holdings Limited.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at 31 March 2014.

## CORPORATE GOVERNANCE

Full details on the Company's corporate governance practices are set out in the "Corporate Governance Report" of this annual report.

## AUDIT COMMITTEE

The Audit Committee of the Company was established with written terms of reference which are in line with the CG Code and comprises three independent non-executive Directors.

The Audit Committee has reviewed with the management of the Company and the external auditor the Group's annual results for the year ended 31 March 2014, and was of the opinion that the preparation of such results are in compliance with the relevant accounting standards, rules and regulations and that adequate disclosures have been made.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's issued share capital were held by members of the public as at the date of this report as required under the Listing Rules.

## AUDITOR

ZHONGHUI ANDA CPA Limited shall retire and a resolution for their re-appointment will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

**NG Cheuk Fan, Keith**

*Chairman and Executive Director*

Hong Kong, 25 June 2014

# INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF

**U-RIGHT INTERNATIONAL HOLDINGS LIMITED**

佑威國際控股有限公司

*(Incorporated in Bermuda with limited liability)*

We have audited the consolidated financial statements of U-Right International Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages 25 to 63, which comprise the consolidated statement of financial position as at 31 March 2014, and the consolidated statement of profit or loss and other 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 information.

## **DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The Directors of the Company are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

# INDEPENDENT AUDITOR'S REPORT

## BASIS FOR QUALIFIED OPINION

### 1. Opening balances and corresponding figures

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 March 2013 (the "2013 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 14 June 2013. Accordingly, we were then unable to form an opinion as to whether the 2013 Financial Statements gave a true and fair view of the state of affairs of the Group as at 31 March 2013 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 2013 and the period from 1 April 2013 to 18 September 2013, the date immediately before the group reorganisation being completed.

Accordingly, no sufficient evidence has been provided to satisfy ourselves, in relation to the deconsolidated subsidiaries, as to the completeness of the transactions of the Group for the year ended 31 March 2013 and for the period from 1 April 2013 to 18 September 2013 and the Group's financial positions as at 31 March 2013.

### 3. Gain on debts discharged under the scheme of arrangement and the gain on disposal of a subsidiary

As explained in note 11 and note 12 to the consolidated financial statements, upon the scheme of arrangement of the Company becoming effective on 18 September 2013, the Company recognised a gain on debts discharged under the scheme of arrangement and a gain on disposal of a subsidiary of approximately HK\$1,403,594,000 and HK\$148,182,000 for the year ended 31 March 2014 respectively.

No sufficient evidence has been provided to satisfy ourselves as to certain liabilities of the Company being discharged under the scheme of arrangement and disposal of a subsidiary. As a result, we are unable to satisfy ourselves as to the gain on debts discharged under the scheme of arrangement and the gain on disposal of a subsidiary of approximately HK\$1,403,594,000 and HK\$148,182,000 included in the consolidated profit or loss.

Any adjustments to the figures as described from points 1 to 3 above might have a consequential effect on the Group's results for the two years ended 31 March 2013 and 2014, the Group's cash flows for the two years ended 31 March 2013 and 2014 and the financial position of the Group as at 31 March 2013, and the related disclosures thereof in the consolidated financial statements.



# INDEPENDENT AUDITOR'S REPORT

## QUALIFIED OPINION

In our opinion, except for the possible effects of the matters as described in the basis for qualified opinion paragraphs, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2014, and of the results and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**ZHONGHUI ANDA CPA Limited**

**Certified Public Accountants**

**Sze Lin Tang**

Practising Certificate Number P03614

Hong Kong, 25 June 2014

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 March 2014*

	<i>Notes</i>	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Revenue</b>	7	<b>334,600</b>	392,644
Cost of sales		<u>(289,625)</u>	<u>(349,448)</u>
Gross profit		<b>44,975</b>	43,196
Other income	8	<b>487</b>	977
Selling and distribution costs		<b>(10,695)</b>	(9,273)
Administrative expenses		<u>(17,301)</u>	<u>(16,921)</u>
<b>Profit from operations</b>		<b>17,466</b>	17,979
Finance cost	10	<b>(909)</b>	(4,564)
Restructuring costs		<b>(19,831)</b>	–
Gain on debts discharged under the Scheme of Arrangement	11	<b>1,403,594</b>	–
Gain on disposal of a subsidiary	12	<u>148,182</u>	<u>–</u>
<b>Profit before tax</b>		<b>1,548,502</b>	13,415
Income tax expense	13	<u>(4,159)</u>	<u>(4,095)</u>
<b>Profit for the year</b>	14	<b>1,544,343</b>	9,320
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>608</u>	<u>455</u>
Total comprehensive income for the year		<u><b>1,544,951</b></u>	<u>9,775</u>
<b>Profit for the year attributable to:</b>			
Owners of the Company		<b>1,543,182</b>	8,333
Non-controlling interests		<u>1,161</u>	<u>987</u>
		<u><b>1,544,343</b></u>	<u>9,320</u>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		<b>1,543,736</b>	8,696
Non-controlling interests		<u>1,215</u>	<u>1,079</u>
		<u><b>1,544,951</b></u>	<u>9,775</u>
<b>Earning per share attributable to owners of the Company</b>			
Basic (HK cents per share)	16	<u>204</u>	<u>8</u>
Diluted (HK cents per share)		<u>192</u>	<u>8</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	<i>Notes</i>	<b>2014</b> <b>HK\$'000</b>	2013 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	18	997	1,207
Goodwill	19	<u>14,202</u>	<u>14,202</u>
		<u>15,199</u>	15,409
<b>Current assets</b>			
Inventories	20	14,029	13,004
Trade receivables	21	54,649	62,753
Prepayments, deposits and other receivables	22	30,974	20,236
Bank and cash balances		<u>79,215</u>	<u>9,424</u>
		<u>178,867</u>	105,417
<b>Current liabilities</b>			
Trade payables	23	32,212	32,411
Accruals and other payables		4,082	13,787
Due to deconsolidated subsidiaries	24	–	416,314
Due to the Investor	25	–	11,300
Financial guarantee liabilities	26	–	1,118,325
Convertible notes	27	–	78,367
Promissory note	28	–	19,091
Current tax liabilities		<u>10,443</u>	<u>10,375</u>
		<u>46,737</u>	1,699,970
<b>Net current assets/(liabilities)</b>		<u>132,130</u>	<u>(1,594,553)</u>
<b>NET ASSETS/(LIABILITIES)</b>		<u>147,329</u>	<u>(1,579,144)</u>
<b>Capital and reserves</b>			
Share capital	29	13,217	356,936
Reserves/(deficiency)		<u>129,591</u>	<u>(1,939,386)</u>
Equity attributable to owners of the Company		142,808	(1,582,450)
Non-controlling interests		<u>4,521</u>	<u>3,306</u>
<b>TOTAL EQUITY</b>		<u>147,329</u>	<u>(1,579,144)</u>
Approved by:	<b>TANG Kwok Hung</b>	<b>NG Cheuk Fan Keith</b>	
	<i>Director</i>	<i>Director</i>	

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Attributable to owners of the Company									
	Share capital	Share premium	Statutory reserve	Capital reserve	Share-based compensation reserve	Foreign currency translation reserve	Retained profits/ 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
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 year	-	-	-	-	-	363	8,333	8,696	1,079	9,775
Transfer upon forfeiture of share options	-	-	-	-	(1,904)	-	1,904	-	-	-
At 31 March 2013	<u>356,936</u>	<u>614,493</u>	<u>220</u>	<u>3,020</u>	<u>-</u>	<u>934</u>	<u>(2,558,053)</u>	<u>(1,582,450)</u>	<u>3,306</u>	<u>(1,579,144)</u>
At 1 April 2013	356,936	614,493	220	3,020	-	934	(2,558,053)	(1,582,450)	3,306	(1,579,144)
Total comprehensive income for the year	-	-	-	-	-	554	1,543,182	1,543,736	1,215	1,544,951
Capital restructuring	(356,579)	-	-	-	-	-	356,579	-	-	-
Share subscription	9,700	135,800	-	-	-	-	-	145,500	-	145,500
Open offer	1,785	24,986	-	-	-	-	-	26,771	-	26,771
Transaction costs related to the open offer	-	(669)	-	-	-	-	-	(669)	-	(669)
Issue of shares to creditors	661	9,259	-	-	-	-	-	9,920	-	9,920
Issue of bonus shares	714	(714)	-	-	-	-	-	-	-	-
At 31 March 2014	<u>13,217</u>	<u>783,155</u>	<u>220</u>	<u>3,020</u>	<u>-</u>	<u>1,488</u>	<u>(658,292)</u>	<u>142,808</u>	<u>4,521</u>	<u>147,329</u>

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	Notes	2014 HK\$'000	2013 HK\$'000
<b>Cash flows from operating activities</b>			
Profit before tax		1,548,502	13,415
Adjustments for:			
Depreciation		684	387
Finance cost		909	4,564
Interest income		(144)	(40)
Impairment on inventories		1	77
Gain on disposal of a subsidiary		(148,182)	–
Gain on debts discharged under the Scheme of Arrangement		(1,403,538)	–
Operating cash flows before working capital changes		(1,768)	18,403
Change in inventories		(1,026)	4,630
Change in trade receivables		8,104	(10,541)
Change in prepayments, deposits and other receivables		(10,738)	(10,665)
Change in trade payables		(199)	768
Change in accruals and other payables		(4,163)	(477)
Cash (used in)/generated from operations		(9,790)	2,118
Tax paid		(4,092)	(4,081)
Interest received		144	40
<b>Net cash used in operating activities</b>		<b>(13,738)</b>	<b>(1,923)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(454)	(641)
<b>Net cash used in investing activities</b>		<b>(454)</b>	<b>(641)</b>
<b>Cash flows from financing activities</b>			
Repayment of promissory notes		(20,000)	–
Repayment of fund from the Investor		(11,300)	(8,700)
Proceeds from the share subscription		145,500	–
Net proceeds from the open offer		26,102	–
Net cash outflow on scheme of arrangement	11	(56,907)	–
<b>Net cash generated from/(used in) financing activities</b>		<b>83,395</b>	<b>(8,700)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>69,203</b>	<b>(11,264)</b>
Effect of foreign exchange rate changes		588	451
Cash and cash equivalents at beginning of year		9,424	20,237
<b>Cash and cash equivalents at end of year</b>		<b>79,215</b>	<b>9,424</b>
<b>Analysis of cash and cash equivalents</b>			
Bank and cash balances		79,215	9,424

# NOTES TO THE FINANCIAL STATEMENTS

*For the year ended 31 March 2014*

## 1. GENERAL INFORMATION

U-RIGHT International Holdings Limited (the “Company”) 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 21/F., Bank of China Tower, 1 Garden Road, Central, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. The Group’s principal activities are trading and retailing of fashion garments, textiles and leathers.

In the opinion of the directors (the “Directors”) of the Company, as at the 31 March 2014, Advance Lead International Limited (the “Investor” and now the “Controlling Shareholder”), a company incorporated in the British Virgin Islands, is the ultimate holding company. The Controlling Shareholder does not produce financial statements available for public use.

## 2. BASIS OF PREPARATION

### **Completion of the restructuring of the Group and resumption of trading in the shares of the Company**

At the request of the Company, trading in shares of the Company had 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 (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.

On 16 May 2009, the Provisional Liquidators, the Investor, the Company and an escrow agent, entered into an escrow agreement (as supplemented by the four supplementary agreements and hereinafter collectively referred as to the “Escrow Agreement”, unless otherwise specified) 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 extends to 31 September 2013) to negotiate a legally binding restructuring agreement for the implementation of the restructuring proposal.

During the year, the Company has successfully completed a series of corporate restructuring exercises, including but not limited to capital restructuring, debt restructuring, fundraising by ways of open offer and subscription, issue of bonus shares and creditors’ shares. In addition, pursuant to the order of the High Court of Hong Kong dated 16 September 2013, the winding-up petition against the Company was dismissed and the Provisional Liquidators of the Company were discharged on 16 September 2013. As all the resumption conditions of the Company have been fulfilled on 18 September 2013, the trading of shares of the Company was resumed on 23 September 2013.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 April 2013. 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 year and prior years except as stated below.

### (a) Amendments to HKAS 1 “Presentation of Financial Statements”

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

### (b) HKFRS 12 “Disclosure of Interests in Other Entities”

HKFRS 12 “Disclosure of Interests in Other Entities” specifies the disclosure requirements for subsidiaries, joint arrangements and associates, and introduces new disclosure requirements for unconsolidated structured entities.

The adoption of HKFRS 12 only affects the disclosures relating to the Group’s subsidiaries in the consolidated financial statements. HKFRS 12 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.

# NOTES TO THE FINANCIAL STATEMENTS

*For the year ended 31 March 2014*

## 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 rules governing the listing of securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention. These financial statements are presented in Hong Kong Dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of financial statements in conformity with HKFRSs requires the use of key assumptions and estimates. It also requires the management of the Group (“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 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity’s returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

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 that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company’s share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and 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.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Consolidation (continued)

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling interests and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

### Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy "Impairment of assets" below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Foreign currency translation (continued)

#### (b) Transactions and balances in 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:

- (i) 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;
- (ii) Income and expenses 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
- (iii) 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.

### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Property, plant and equipment (continued)

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rate is as follows:

Furniture, fixtures and equipment	18–33%
Leasehold improvement	20–45%
Machinery	9%
Motor vehicle	12.5–18%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

### 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 the 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.

# NOTES TO THE FINANCIAL STATEMENTS

*For the year ended 31 March 2014*

## 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 twelve months after the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial guarantee contract liabilities

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

- (a) the amount of the obligations under the contracts, as determined in accordance with HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets”; and
- (b) the amount initially recognised less cumulative amortisation recognised in the profit or loss on a straight-line basis over the terms of the guarantee contracts.

### Convertible notes

Convertible notes 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 bonds 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 capital 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.

If the notes are converted, the capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the bond is redeemed, the capital reserve is released directly to retained profits.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Revenue recognition

Revenue comprises the fair value of the consideration for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, returns, rebates and discounts allowed and after eliminating sales within the Group. Revenue is recognised as follows:

- (a) 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.
- (b) Interest income is recognised on a time — proportion basis using the effective interest method.

### Employee benefits

#### (a) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

#### (b) *Pension obligations*

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme ("MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on 5% of the employees' relevant income, subject to a ceiling of monthly relevant income of HK\$25,000 and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group also participates in a defined contribution retirement scheme organised by the government in the People's Republic of China (the "PRC"). The Group is required to contribute a specific percentage of the payroll of its employees to the retirement scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the retirement scheme. No forfeited contributions may be used by the employers to reduce the existing level of contributions.

#### (c) *Termination benefits*

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

*For the year ended 31 March 2014*

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Taxation (continued)

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 related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(B) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (A).
- (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

### 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.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Segment reporting (continued)

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 production 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.

### Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible 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 of disposal 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 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 had 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).

#### (a) *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 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"). 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 purchases from 1 April 2013 to 31 January 2014 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. The agency agreement ended on 31 January 2014.

### 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) *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.

#### (b) *Income tax*

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (continued)

### Key sources of estimation uncertainty (continued)

#### (c) *Net realisable value of inventories*

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions. The Group will reassess the estimates by the end of each reporting period.

#### (d) *Property, plant and equipment and depreciation*

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

#### (e) *Impairment of goodwill*

Management reviews and determines whether goodwill is impaired at least on an annual basis. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. The carrying amount of goodwill at the end of the reporting period was approximately HK\$14,202,000. No impairment loss was recognised during the year ended 31 March 2014.

## 6. FINANCIAL RISK MANAGEMENT

The major financial instruments of the Group include trade and other receivables, bank and cash balances, trade payables, financial guarantee liabilities, convertible notes and promissory note. The activities of the Group expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Risk management is carried out by the Directors under policies approved by the Board of Directors. The Directors identify, evaluate and hedge financial risks in close co-operation with the Group's operating units.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 6. FINANCIAL RISK MANAGEMENT (continued)

### (a) Market risk

#### *Foreign exchange 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 dollars 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.

#### *Interest rate risk*

As at 31 March 2014, the Group did not have significant interest rate risk.

### (b) Credit risk

The Group is exposed to credit risk mainly in relation to its trade and other receivables, cash deposits with banks and maximum exposure of credit risk is equal to the carrying amounts of these financial assets. Cash and bank transactions counterparties are limited to financial institutions with good credit rating assigned by international credit-rating agencies.

At the end of the reporting period, the Group had certain concentration of credit risk as approximately 31% (2013: 20%) and approximately 84% (2013: 66%) of the Group's trade receivables were due from the Group's largest trade debtor and the five largest trade debtors, respectively. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. The Group reviews the recoverable amount of the trade and other receivables on a regular basis and provision for doubtful debts is made in accordance with the Group's policies. In addition, the Management reviews the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the Management consider that the Group's credit risk is significantly reduced.

### (c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due.

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. All of the Group's financial liabilities are due within one year.

### (d) 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 7. REVENUE

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Sales of fashion garments and textiles	<u>334,600</u>	<u>392,644</u>

### 8. OTHER INCOME

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest income	144	40
Reimbursement of restructuring expenses from the Investor	331	910
Others	<u>12</u>	<u>27</u>
	<u>487</u>	<u>977</u>

### 9. OPERATING SEGMENT INFORMATION

For the years ended 31 March 2014 and 2013, no operating segment information is presented as the Group has only one operating segment of fashion garments, textile and leathers business.

Geographical information:

The Group's revenue analysed by geographical location and information about its non-current assets by geographical location are detailed below:

	Revenue		Non-current assets	
	Year ended 31 March		As at 31 March	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Mainland China	212,940	143,861	15,199	15,409
The Philippines	1,939	93,459	–	–
United Arab Emirates	<u>119,721</u>	<u>155,324</u>	<u>–</u>	<u>–</u>
Consolidated total	<u>334,600</u>	<u>392,644</u>	<u>15,199</u>	<u>15,409</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 10. FINANCE COST

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest expenses on borrowings wholly repayable within five years		
— convertible notes ( <i>Note 27</i> )	—	2,828
— promissory note ( <i>Note 28</i> )	<u>909</u>	<u>1,736</u>
	<u><u>909</u></u>	<u><u>4,564</u></u>

## 11. GAIN ON SCHEME OF ARRANGEMENT

On 18 September 2013, all the conditions under the Scheme had been fulfilled, the indebtedness of the Company was fully released and discharged by way of a combination of cash payment of approximately HK\$56,907,000 and issuance of 66,133,333 Company's shares at HK\$0.15 per share.

	2014 <i>HK\$'000</i>
Debts discharged:	
Financial guarantee liabilities	1,118,325
Convertible notes	78,367
Due to deconsolidated subsidiaries	268,188
Accruals and other payables	<u>5,541</u>
	<u><u>1,470,421</u></u>
Satisfied by:	
Cash consideration	(56,907)
Issue of shares to creditors	<u>(9,920)</u>
	<u><u>(66,827)</u></u>
Gain on Scheme of Arrangement	<u><u>1,403,594</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 12. GAIN ON DISPOSAL OF A SUBSIDIARY

On 18 September 2013, the Group fulfilled all the conditions under the Scheme pursuant to which the entire interest of Lucky Formosa International Group Limited (“Lucky Formosa”), a wholly owned subsidiary of the Company, was transferred to the nominee of the scheme administrators of the Scheme of Arrangement.

	<b>Lucky Formosa</b>
	<b>HK\$'000</b>
Net liabilities of the subsidiary disposed:	
Accruals and other payables	42
Due to deconsolidated subsidiaries	148,140
Due to the Group	<u>113,201</u>
Net liabilities of the disposed subsidiary	261,383
Impairment of amount due from the Lucky Formosa	<u>(113,201)</u>
Gain on disposal of a subsidiary	<u><u>148,182</u></u>
Net cash effect arising on disposal of a subsidiary	<u><u>—</u></u>

### 13. INCOME TAX EXPENSE

	<b>2014</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current tax — Hong Kong Profits Tax		
Provision for the year	414	581
Current tax — the PRC Enterprise Income Tax		
Provision for the year	<u>3,745</u>	<u>3,514</u>
	<u><u>4,159</u></u>	<u><u>4,095</u></u>

Hong Kong profits tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits for the year. Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of subsidiaries of the Company in the PRC is 25% for both years.

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.

# NOTES TO THE FINANCIAL STATEMENTS

*For the year ended 31 March 2014*

## 13. INCOME TAX EXPENSE (continued)

The reconciliation between the income tax and profit before tax multiplied by the Hong Kong profits tax rate is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit before tax	<u>1,548,502</u>	<u>13,415</u>
Tax at the domestic income tax rate of 16.5% (2013: 16.5%)	255,503	2,214
Tax effect of (income that is not taxable)/expenses that are not deductible	(252,134)	968
Effect of different tax rates of subsidiaries operating in other jurisdictions	<u>790</u>	<u>913</u>
	<u><u>4,159</u></u>	<u><u>4,095</u></u>

## 14. PROFIT FOR THE YEAR

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Cost of sales	289,625	349,448
Depreciation	684	387
Impairment on inventories	1	77
Staff costs (including Directors' remuneration):		
— salaries, bonuses and allowances	8,423	8,543
— retirement benefits scheme contributions	835	729
	9,258	9,272
Auditor's remuneration	700	780
Net foreign exchange loss	58	4
Operating lease charges on land and buildings	<u>2,053</u>	<u>1,645</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 15. DIRECTORS' EMOLUMENTS

### (a) Directors' emoluments

	2014			Total HK\$'000
	Fees HK\$'000	Salaries and allowances HK\$'000	Retirement benefit scheme contributions HK\$'000	
<b>Executive directors</b>				
Mr. Ng Cheuk Fan, Keith (Chairman)	–	180	8	188
Ms. Yeung Sau Han, Agnes (Chief executive officer) (a)	–	180	8	188
Mr. Tang Kwok Hung (b)	–	146	8	154
<b>Independent non-executive directors</b>				
Mr. Xie Tom (c)	50	–	–	50
Mr. Mak Ka Wing, Patrick	50	–	–	50
Mr. Chan Chi Yuen	50	–	–	50
<b>Non-executive director</b>				
Mr. Chung Wai Man (d)	50	–	–	50
	<u>200</u>	<u>506</u>	<u>24</u>	<u>730</u>

None of directors received any remuneration for the year ended 31 March 2013.

- (a) appointed on 18 September 2013
- (b) resigned on 18 September 2013 and appointed on 5 November 2013
- (c) appointed on 29 August 2013
- (d) re-designated from independent non-executive director to non-executive director on 29 August 2013

There was no arrangement under which a director and chief executive waived or agreed to waive any remuneration in respect of the years ended 31 March 2014 and 2013.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 15. DIRECTORS' EMOLUMENTS (continued)

### (b) Five highest paid individuals

Details of the aggregate emoluments for the five employees whose emoluments were the highest in the Group are as follows:

	2014 HK\$'000	2013 HK\$'000
Salaries, allowances and benefit-in-kind	1,196	1,071
Retirement benefit costs	14	40
	<u>1,210</u>	<u>1,111</u>

The number of employees whose remuneration fell within the following bands are as follows:

	2014	2013
Nil–HK\$1,000,000	<u>5</u>	<u>5</u>

Based on the audited results of the Group for the two years ended 31 March 2014 and 2013, the Directors were not entitled to any of the performance-based discretionary bonus during the years.

No emoluments had been paid by the Group to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

## 16. EARNING PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

### Basic earning per share

The calculation of basic earning per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK\$1,543,182,000 (2013: HK\$8,333,000) and the weighted average number of ordinary shares of 755,977,681 (2013: 107,080,947) in issue during the year. The weighted average number of ordinary shares for the year ended 31 March 2014 and 2013 for the purpose of calculating the basic earnings per share has been adjusted and restated respectively resulting from the share consolidation, bonus issue and open offer of the Company (Note 29) during the current year.

### Diluted earning per share

The calculation of diluted earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK\$1,464,815,000 and the weighted average number of ordinary shares of 763,591,278, being the weighted average number of ordinary shares of 755,977,681 in issue during the year used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 7,613,597 assumed to converted of the convertible notes outstanding at 1 April 2013.

The effects of all potential ordinary shares are anti-dilutive for the year ended 31 March 2013.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 17. DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the years ended 31 March 2014 and 2013.

### 18. PROPERTY, PLANT AND EQUIPMENT

	Machinery <i>HK\$'000</i>	Motor vehicle <i>HK\$'000</i>	Leasehold improvement <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Cost:</b>					
At 1 April 2012	68	423	183	403	1,077
Additions	–	–	533	108	641
Exchange differences	1	3	2	3	9
At 31 March 2013 and 1 April 2013	69	426	718	514	1,727
Additions	–	–	392	62	454
Exchange differences	1	7	12	9	29
At 31 March 2014	70	433	1,122	585	2,210
<b>Accumulated depreciation:</b>					
At 1 April 2012	13	25	17	73	128
Charge for the year	23	72	137	155	387
Exchange differences	–	2	1	2	5
At 31 March 2013 and 1 April 2013	36	99	155	230	520
Charge for the year	13	103	437	131	684
Exchange differences	1	2	2	4	9
At 31 March 2014	50	204	594	365	1,213
<b>Carrying amount:</b>					
At 31 March 2014	20	229	528	220	997
At 31 March 2013	33	327	563	284	1,207

### 19. GOODWILL

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Arising on acquisition of a subsidiary	14,202	14,202

The Group acquired 100% equity interest of Sino Hill Group Limited (“Sino Hill”) on 1 October 2011. This transaction has been accounted for by the acquisition method of accounting.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 19. GOODWILL (continued)

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (“CGUs”) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated to the Sino Hill cash generating unit.

The recoverable amounts of the CGUs are determined from value in use calculation.

The key assumptions for the value in use calculation are those regarding the discount rates, growth rates and budgeted gross margin and turnover during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGUs operate. Budgeted gross margin and turnover are based on past practices and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the Directors for the next five years with the residual period using the growth rate of 5%. This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecasted cash flows from the Sino Hill cash generating unit is 15%.

## 20. INVENTORIES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Merchandises	14,030	13,081
Less: Impairments	<u>(1)</u>	<u>(77)</u>
	<u>14,029</u>	<u>13,004</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 21. TRADE RECEIVABLES

Other than cash 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.

At the end of the reporting period, the aging analysis of the trade receivables is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
1–30 days	25,358	27,167
31–60 days	1,492	12,240
61–90 days	24,747	12,486
91–120 days	2,172	4,481
Over 120 days	880	6,379
Less: Impairments	—	—
	<u>54,649</u>	<u>62,753</u>

At the end of the reporting period, the trade receivables with the carrying amounts of approximately HK\$3,052,000 (2013: HK\$10,860,000) were past due but not impaired. Approximately HK\$2,172,000 and HK\$880,000 (2013: HK\$4,481,000 and HK\$6,379,000) of which were falling within the ageing band from 91 to 120 days and over 120 days respectively.

The gross amounts of the Group's trade receivables were denominated in the following currencies:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
USD	28,233	32,680
RMB	26,416	30,073
	<u>54,649</u>	<u>62,753</u>

## 22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Deposit	6,467	13,487
Prepayments	121	480
Other receivables	24,386	5,825
Due from deconsolidated subsidiaries	—	444
	<u>30,974</u>	<u>20,236</u>

Notes(a): The advances are unsecured, non-interest bearing and have no fixed repayment terms.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 23. TRADE PAYABLES

At the end of the reporting period, the ageing analysis of the trade payables is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
1–30 days	19,993	18,328
31–60 days	1,465	11,409
61–90 days	8,889	2,181
91–120 days	1,865	56
Over 120 days	–	437
	<u>32,212</u>	<u>32,411</u>

The carrying amounts of the Group's trade payables were denominated in the following currencies:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
USD	13,665	24,565
RMB	18,547	7,846
	<u>32,212</u>	<u>32,411</u>

## 24. DUE TO DECONSOLIDATED SUBSIDIARIES

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

## 25. DUE TO THE INVESTOR

The amount due to the Investor was wholly repaid during the year.

## 26. 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. The Company was liable to financial guarantee liabilities of approximately HK\$1,118,325,000 immediately before completion of the Scheme of Arrangement (31 March 2013: approximately HK\$1,118,325,000). These liabilities of the Company had been discharged under the Scheme of Arrangement as detailed in note 11.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 27. 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 with liability component totaling approximately HK\$65,098,000 as at 31 March 2009 and such amounts have become repayable on demand. The liability component of convertible notes, together with the corresponding finance cost, was therefore reclassified as a current liability.

The liability component of convertible bonds recognised at the end of the reporting period is analysed as follows:

	CN1 <i>HK\$'000</i>	CN2 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Liability component at 1 April 2012	42,248	33,291	75,539
Interest charged	<u>2,169</u>	<u>659</u>	<u>2,828</u>
Liability component at 31 March 2013 and 1 April 2013	44,417	33,950	78,367
Discharged	<u>(44,417)</u>	<u>(33,950)</u>	<u>(78,367)</u>
Liability component at 31 March 2014	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>–</u></u>

The convertible notes of approximately HK\$78,367,000 had been discharged as detailed in note 11.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 28. PROMISSORY NOTES

On 1 October 2011, Right Season Limited, one of the subsidiaries of the Company issued a promissory note of HK\$20,000,000 (the “Promissory Note”) as part of the consideration for the acquisition of Sino Hill. The Promissory Note bears no interest and has a maturity date of 30 September 2013 or 12 month’s period following the resumption of trading in the shares of U-RIGHT whichever is earlier. The redemption is at par at maturity date. The promissory notes was wholly repaid during the year.

	<i>HK\$’000</i>
At 31 March 2012	17,355
Effective interest charged to profit or loss ( <i>Note 10</i> )	<u>1,736</u>
At 31 March 2013	19,091
Effective interest charged to profit or loss ( <i>Note 10</i> )	909
Repayment	<u>(20,000)</u>
At 31 March 2014	<u><u>–</u></u>

The effective interest rate of the Promissory Notes is 10%.

## 29. SHARE CAPITAL

	<b>2014</b>	2013
	<b><i>HK\$’000</i></b>	<i>HK\$’000</i>
Authorized:		
50,000,000,000 ordinary shares of HK\$0.01 each (31 March 2013):		
5,000,000,000 ordinary shares of HK\$0.10 each ( <i>Note (i)</i> )	<u><b>500,000</b></u>	<u>500,000</u>
Issued and fully paid:		
1,321,682,525 ordinary shares of HK\$0.01 each (31 March 2013):		
3,569,364,916 ordinary shares of HK\$0.10 each)	<u><b>13,217</b></u>	<u>356,936</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 29. SHARE CAPITAL (continued)

A summary of the movements in the issued share capital of the Company is as follows:

	Number of shares issued	Nominal value of shares issued HK\$'000
At 1 April 2012, 31 March 2013 and 1 April 2013	3,569,364,916	356,936
Capital restructuring ( <i>Note (i)</i> )	<u>(3,533,671,267)</u>	<u>(356,579)</u>
	35,693,649	357
Share subscription ( <i>Note (ii)</i> )	970,000,000	9,700
Open offer ( <i>Note (iii)</i> )	178,468,245	1,785
Issue of shares to creditors ( <i>Note (iv)</i> )	66,133,333	661
Issue of bonus shares ( <i>Note (v)</i> )	<u>71,387,298</u>	<u>714</u>
At 31 March 2014	<u><u>1,321,682,525</u></u>	<u><u>13,217</u></u>

Notes:

- (i) There was a capital restructuring of the Company effected on 23 August 2013 which comprised the following:

*Share Consolidation*

The share consolidation was implemented to consolidate every 100 issued Shares of par value of HK\$0.10 each into 1 share ("Consolidated Share") of par value of HK\$10.00 each.

*Capital reduction*

The capital reduction involved a reduction of the par value of every Consolidated Share from HK\$10.00 to HK\$0.01 and become a new share.

*Share Subdivision*

The share subdivision was implemented to subdivide each of the authorized but unissued Shares into 10 subdivided shares of par value of HK\$0.01 each.

- (ii) Share subscription

Completion of the share subscription took place on 18 September 2013 pursuant to which 970,000,000 subscription shares were issued to the Investor at the subscription price of HK\$0.15 per subscription share with par value of HK\$0.01 each. Accordingly, the Company's issued share capital was increased by HK\$9,700,000 and its share premium account was increased by HK\$135,800,000.

- (iii) Open offer

Completion of the open offer took place on 18 September 2013 pursuant to which 178,468,245 offer shares were issued under the open offer on the basis of five offer shares for every one share held by the qualifying shareholders after completion of the capital restructuring at the subscription price of HK\$0.15 per offer share with par value of HK\$0.01 each. Accordingly, the Company's issued share capital was increased by approximately HK\$1,785,000 and its share premium account was increased by approximately HK\$24,986,000. The transaction costs related to the open offer was approximately HK\$669,000.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 29. SHARE CAPITAL (continued)

Notes: (continued)

(iv) Issue of shares to creditors

Pursuant to the Scheme of Arrangement as detailed in note 11, 66,133,333 Company's shares were issued to the nominee of the scheme administrators of the Scheme of Arrangement. Accordingly, the Company's issued share capital was increased by approximately HK\$661,000 and its share premium account was increased by approximately HK\$9,259,000.

(v) Issue of bonus shares

On 18 September 2013, 71,387,298 offer shares were issued under the bonus issue on the basis of two bonus shares for every one share held by the qualifying shareholders after completion of the capital restructuring. The Open Offer allows the Company to credit part of the net proceeds raised from the Open Offer in the sum of approximately HK\$714,000 to the share premium account of the Company and apply such amount to pay up in full at par the Bonus Shares such that the Bonus Shares will be allotted, issued and credited as fully paid to the Qualifying Shareholders. Accordingly, the Company's issued share capital was increased by approximately HK\$714,000 and its share premium account was decreased by approximately HK\$714,000.

### 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 2014 and 2013.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY AND RESERVES

### (a) Statement of financial position of the Company

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Non-current assets</b>		
Investments in subsidiaries	—	—
<b>Current assets</b>		
Other receivables	47	—
Due from deconsolidated subsidiaries	—	444
Due from subsidiaries	49,772	315
Bank balances	47,593	6,919
	<u>97,412</u>	<u>7,678</u>
<b>Current liabilities</b>		
Accruals and other payables	700	8,892
Due to deconsolidated subsidiaries	—	268,189
Financial guarantee liabilities	—	1,118,325
Convertible notes	—	78,367
	<u>700</u>	<u>1,473,773</u>
<b>Net current assets/(liabilities)</b>	<u>96,712</u>	<u>(1,466,095)</u>
<b>Total assets less current liabilities</b>	<u>96,712</u>	<u>(1,466,095)</u>
<b>Capital and reserves</b>		
Share capital	13,217	356,936
Reserves/(deficiency)	83,495	(1,823,031)
<b>TOTAL EQUITY</b>	<u>96,712</u>	<u>(1,466,095)</u>

# NOTES TO THE FINANCIAL STATEMENTS

*For the year ended 31 March 2014*

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

### (b) Reserves of the Company

	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Share-based compensation reserve <i>HK\$'000</i>	Retained profits/ (accumulated losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2012	614,493	40,358	3,020	1,904	(2,478,875)	(1,819,100)
Total comprehensive loss for the year	–	–	–	–	(3,931)	(3,931)
Transfer upon forfeiture of Share options	–	–	–	(1,904)	1,904	–
At 31 March 2013	<u>614,493</u>	<u>40,358</u>	<u>3,020</u>	<u>–</u>	<u>(2,480,902)</u>	<u>(1,823,031)</u>
At 1 April 2013	614,493	40,358	3,020	–	(2,480,902)	(1,823,031)
Total comprehensive income for the year	–	–	–	–	1,381,285	1,381,285
Capital restructuring	–	–	–	–	356,579	356,579
Share subscription	135,800	–	–	–	–	135,800
Open offer	24,986	–	–	–	–	24,986
Transaction costs related to the open offer	(669)	–	–	–	–	(669)
Issue of shares to creditors	9,259	–	–	–	–	9,259
Issue of bonus shares	(714)	–	–	–	–	(714)
At 31 March 2014	<u>783,155</u>	<u>40,358</u>	<u>3,020</u>	<u>–</u>	<u>(743,038)</u>	<u>83,495</u>

### (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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

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

### (c) Nature and purpose of reserves of the Group (continued)

#### (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.

## 31. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 31 March 2014 and 2013.

## 32. COMMITMENTS

### Capital commitments

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

	2014 HK\$'000	2013 HK\$'000
Contracted but not provided for:		
Capital contribution to two subsidiaries	<u>69,210</u>	<u>–</u>

### Lease commitments

As at 31 March 2014, the total future minimum lease payments of the Group under noncancellable operating leases are payable as follows:

	2014 HK\$'000	2013 HK\$'000
Future aggregate minimum lease payments under operating leases in respect of land and buildings		
— within one year	1,485	894
— in the second to fifth years inclusive	2,308	1,244
— over fifth years	<u>–</u>	<u>–</u>
	<u>3,793</u>	<u>2,138</u>

Operating lease payments represent rentals payable by the Group for certain of its offices and shop. Leases are negotiated for an average term of 2 years and rentals are fixed over the lease terms and do not include contingent rentals.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 33. RELATED PARTY TRANSACTIONS

Remuneration for key management personnel of the Group, including amounts paid to the Company's Directors and the senior management as disclosed in note 15(a) and all of the highest paid employees as disclosed in note 15(b), is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Fees	200	–
Salaries and allowances	506	–
Retirement benefit scheme contributions	24	–
	<u>730</u>	<u>–</u>

None of the above related party transactions constitutes a discloseable connected transaction as defined in the Listing Rules.

## 34. EVENT AFTER REPORTING PERIOD

On 26 May 2014, the Group has acquired 5 properties in the PRC with a total consideration of approximately HK\$10.1 million for its own use as retail shops.

## 35. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY

Name of the subsidiary	Place of incorporation/ registration	Issued and paid-up/ registered capital	Percentage of equity interest attributable to the Group		Principal activities
			2014	2013	
<i>Direct subsidiaries:</i>					
UR Group Limited	British Virgin Islands	1 ordinary share of US\$1	100%	100%	Investment holding
Alfreda Limited	British Virgin Islands	1 ordinary share of US\$1	100%	100%	Investment holding
Yield Focus International Limited	Hong Kong	HK\$1	100%	–	Investment holding
Rosy Success Group Limited	British Virgin Islands	1 ordinary share of US\$1	100%	–	Investment holding
Intelligent Lead Holdings Limited	British Virgin Islands	1 ordinary share of US\$1	100%	–	Investment holding
Easy Yield Holdings Limited	British Virgin Islands	1 ordinary share of US\$1	100%	–	Investment holding

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 35. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY (continued)

Name of the subsidiary	Place of incorporation/ registration	Issued and paid-up/ registered capital	Percentage of equity interest attributable to the Group		Principal activities
			2014	2013	
<i>Indirect subsidiaries:</i>					
Nano Garment Holdings Limited	Hong Kong	HK\$1	100%	100%	Investment holding
U-RIGHT Trading Development Limited	Hong Kong	HK\$1	100%	100%	Trading of fashion garments and textiles
Fame Ace Limited	British Virgin Islands	1 ordinary share of US\$1	100%	100%	Inactive
Right Season Limited	British Virgin Islands	1 ordinary share of US\$1	100%	100%	Investment holding
Xiamen U-Right Garment Co., Ltd.	The PRC	US\$240,000	80%	80%	Retailing of fashion garments and trading of textiles and leathers
Sino Hill Group Limited	British Virgin Islands	1 ordinary share of US\$1	100%	100%	Investment holding
Stand Fancy Limited	Hong Kong	HK\$1	100%	100%	Investment holding
立宜服裝(深圳)有限公司	The PRC	HK\$1,000,000	100%	100%	Design, distribution and sale of fashion apparel
廈門優頤貿易有限公司	The PRC	RMB3,000,000	100%	–	Retailing of fashion garments
Success Way Creation Limited	Hong Kong	HK\$1	100%	–	Investment holding
Cheng Run (Fujian) Business Management Co., Ltd	The PRC	RMB50,000,000	100%	–	Inactive
Multi Success Trading Limited	Hong Kong	HK\$1	100%	–	Investment holding
Zhuo Hong (Fujian) Building Materials Trading Co., Ltd	The PRC	RMB5,000,000	100%	–	Inactive
All Treasure International Limited	Hong Kong	HK\$1	100%	–	Inactive

*Note:* Xiamen U-Right Garment Co. Ltd. is a sino foreign joint venture established in the PRC. 立宜服裝(深圳)有限公司, 廈門優頤貿易有限公司, Cheng Run (Fujian) Business Management Co., Ltd, Zhuo Hong (Fujian) Building Materials Trading Co., Ltd are wholly foreign-owned enterprises established in the PRC.

## NOTES TO THE FINANCIAL STATEMENTS

*For the year ended 31 March 2014*

### 35. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY (continued)

The following table shows information of the subsidiary that has non-controlling interests (“NCI”) material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	<b>Xiamen U-Right Garment Co., Ltd.</b>	
	<b>2014</b>	2013
Principal place of business/country of incorporation	<b>PRC</b>	
% of ownership interests/voting rights held by NCI	<b>80%/80%</b>	80%/80%
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>At 31 March:</b>		
Non-current assets	<b>65</b>	102
Current assets	<b>35,423</b>	28,146
Non-current liabilities	–	–
Current liabilities	<b>(12,883)</b>	(11,719)
Net assets	<b><u>22,605</u></b>	<u>16,529</u>
Accumulated NCI	<b>4,521</b>	3,306
<b>Year ended 31 March:</b>		
Revenue	<b>159,767</b>	144,185
Profit	<b>5,805</b>	4,937
Total comprehensive income	<b>7,237</b>	6,033
Profit allocated to NCI	<b>1,161</b>	987
Dividends paid to NCI	–	–
Net cash generated from operating activities	<b>1,211</b>	441
Net cash used in investing activities	–	(5)
Net cash generated from financing activities	–	–
Net increase in cash and cash equivalents	<b><u>1,211</u></b>	<u>436</u>

### 36. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 25 June 2014.



## FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and reclassified as appropriate, is set out below.

	For the years ended 31 March				
	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000
<b>RESULTS</b>					
Turnover	<u>334,600</u>	<u>392,644</u>	<u>397,937</u>	<u>331,084</u>	<u>92,305</u>
Profit/(loss) before tax	<u>1,548,502</u>	<u>13,415</u>	<u>11,345</u>	<u>4,196</u>	<u>(430)</u>
Income tax	<u>(4,159)</u>	<u>(4,095)</u>	<u>(3,501)</u>	<u>(1,754)</u>	<u>(161)</u>
Profit/(loss) for the year	<u>1,544,343</u>	<u>9,320</u>	<u>7,844</u>	<u>2,442</u>	<u>(591)</u>
Other comprehensive income	<u>608</u>	<u>455</u>	<u>435</u>	<u>146</u>	<u>-</u>
Total comprehensive income/ (loss) for the year	<u>1,544,951</u>	<u>9,775</u>	<u>8,279</u>	<u>2,588</u>	<u>(591)</u>
<b>Attributable to:</b>					
Owners of the Company	<u>1,543,736</u>	<u>8,696</u>	<u>7,315</u>	<u>1,885</u>	<u>(660)</u>
Non-controlling interests	<u>1,215</u>	<u>1,079</u>	<u>964</u>	<u>703</u>	<u>69</u>
	<u>1,544,951</u>	<u>9,775</u>	<u>8,279</u>	<u>2,588</u>	<u>(591)</u>
<b>As at 31 March</b>					
	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000
<b>ASSETS AND LIABILITIES</b>					
Non-current assets	15,199	15,409	15,151	33	-
Current assets	178,867	105,417	99,731	72,351	19,951
Current liabilities	(46,737)	(1,699,970)	(1,686,446)	(1,669,582)	(1,620,228)
Non-current liabilities	-	-	(17,355)	-	-
Net assets/(liabilities)	<u>147,329</u>	<u>(1,579,144)</u>	<u>(1,588,919)</u>	<u>(1,597,198)</u>	<u>(1,600,277)</u>
<b>Attributable to:</b>					
Owners of the Company	142,808	(1,582,450)	(1,591,146)	(1,598,461)	(1,600,346)
Non-controlling interests	4,521	3,306	2,227	1,263	69
Total equity	<u>147,329</u>	<u>(1,579,144)</u>	<u>(1,588,919)</u>	<u>(1,597,198)</u>	<u>(1,600,277)</u>