



U-RIGHT INTERNATIONAL HOLDINGS LIMITED

佑威國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 00627)

Interim Report 2014

* *for identification purposes only*

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

NG Cheuk Fan, Keith (*Chairman*)

TANG Kwok Hung

(*Chief Executive Officer*)

Independent Non-Executive Directors

MAK Ka Wing, Patrick

CHAN Chi Yuen

XIE Tom

COMPANY SECRETARY

WONG Chi Yan

AUDITOR

ZHONGHUI ANDA CPA Limited

WEBSITE

www.uright.com.hk

REGISTERED OFFICE

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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

PRINCIPAL REGISTRAR (IN BERMUDA)

Codan Services Limited

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

BRANCH REGISTRAR (IN HONG KONG)

Tricor Tengis Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2014

The board (the “Board”) of directors (the “Directors”) of U-RIGHT International Holdings Limited (the “Company”) announces that the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2014 together with comparative figures for the previous period:

		Six months ended	
		30 September	
		2014	2013
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Revenue	2	226,646	146,538
Cost of sales		<u>(213,136)</u>	<u>(125,199)</u>
Gross profit		13,510	21,339
Other income	4	12	337
Selling and distribution costs		(3,781)	(4,432)
Administrative expenses		<u>(5,441)</u>	<u>(8,137)</u>
Profit from operations		4,300	9,107
Finance cost	5	–	(909)
Restructuring costs		–	(19,891)
Gain on debts discharged under the Scheme of Arrangement		–	1,403,594
Gain on disposal of a subsidiary		<u>–</u>	<u>148,182</u>
Profit before tax		4,300	1,540,083
Income tax expense	6	<u>(1,586)</u>	<u>(2,007)</u>
Profit for the period	7	<u>2,714</u>	<u>1,538,076</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2014

		Six months ended 30 September	
	Notes	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Profit for the period attributable to:			
Owners of the Company		2,619	1,537,481
Non-controlling interests		95	595
		2,714	1,538,076
Earnings per share attributable to owners of the Company			
	8		
Basic (HK cents per share)		0.2	795
Diluted (HK cents per share)		N/A	N/A
Profit for the period	7	2,714	1,538,076
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		455	1,027
Total comprehensive income for the period		3,169	1,539,103
Total comprehensive income for the period attributable to:			
Owners of the Company		3,064	1,538,443
Non-controlling interests		105	660
		3,169	1,539,103

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

		As at 30 September 2014 <i>HK\$'000</i> (unaudited)	As at 31 March 2014 <i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment	<i>10</i>	2,959	997
Investment properties	<i>11</i>	8,835	–
Goodwill		<u>14,202</u>	<u>14,202</u>
		<u>25,996</u>	<u>15,199</u>
Current assets			
Inventories		15,181	14,029
Trade receivables	<i>12</i>	78,367	54,649
Prepayments, deposits and other receivables		42,141	30,974
Bank and cash balances		<u>32,805</u>	<u>79,215</u>
		<u>168,494</u>	<u>178,867</u>
Current liabilities			
Trade payables	<i>13</i>	25,405	32,212
Accruals and other payables		7,465	4,082
Current tax liabilities		<u>11,122</u>	<u>10,443</u>
		<u>43,992</u>	<u>46,737</u>
Net current assets		<u>124,502</u>	<u>132,130</u>
Total assets less current liabilities		<u>150,498</u>	<u>147,329</u>
NET ASSETS		<u>150,498</u>	<u>147,329</u>
Capital and reserves			
Share capital	<i>14</i>	13,217	13,217
Reserves		<u>132,655</u>	<u>129,591</u>
Equity attributable to owners of the Company		145,872	142,808
Non-controlling interests		<u>4,626</u>	<u>4,521</u>
TOTAL EQUITY		<u>150,498</u>	<u>147,329</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2014

	Attributable to owners of the Company								Total equity HK\$'000 (unaudited)
	Share capital HK\$'000 (unaudited)	Share premium account HK\$'000 (unaudited)	Statutory reserve HK\$'000 (unaudited)	Capital reserve HK\$'000 (unaudited)	Foreign currency translation reserve HK\$'000 (unaudited)	Accumulated losses HK\$'000 (unaudited)	Total HK\$'000 (unaudited)	Non- controlling interests HK\$'000 (unaudited)	
At 1 April 2014	13,217	783,155	220	3,020	1,488	(658,292)	142,808	4,521	147,329
Total comprehensive income for the period	-	-	-	-	445	2,619	3,064	105	3,169
At 30 September 2014	<u>13,217</u>	<u>783,155</u>	<u>220</u>	<u>3,020</u>	<u>1,933</u>	<u>(655,673)</u>	<u>145,872</u>	<u>4,626</u>	<u>150,498</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 period	-	-	-	-	962	1,537,481	1,538,443	660	1,539,103
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 30 September 2013	<u>13,217</u>	<u>783,155</u>	<u>220</u>	<u>3,020</u>	<u>1,896</u>	<u>(663,993)</u>	<u>137,515</u>	<u>3,966</u>	<u>141,481</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2014

	Six months ended	
	30 September	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Net cash (used in)/generated from operating activities	(35,752)	17,375
Net cash flows used in investing activities	(11,086)	(445)
Cash flows from financing activities		
Repayment of promissory notes	–	(20,000)
Repayment of fund from the Investor	–	(11,300)
Proceeds from the share subscription	–	145,500
Net proceeds from the open offer	–	26,101
	<hr/>	<hr/>
Net cash generated from financing activities	–	140,301
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(46,838)	157,231
Effect of foreign exchange rate changes	428	1,031
Cash and cash equivalents at beginning of period	79,215	9,424
	<hr/>	<hr/>
Cash and cash equivalents at end of period	32,805	167,686
	<hr/> <hr/>	<hr/> <hr/>
Analysis of cash and cash equivalents		
Bank and cash balances	32,805	167,686
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2014

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

The unaudited condensed interim consolidated financial statements (the “Interim Financial Statements”) of the Company and its subsidiaries for the six months ended 30 September 2014 together with the comparative figures for the previous corresponding period have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Interim Financial Statements do not include all the information and disclosures required in the full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2014.

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

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2014

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

In the current period, the Group has adopted all the new and revised HKFRSs that are relevant to its operations and effective for its accounting period beginning on 1 April 2014. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards, and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the financial statements and amounts reported for the current period and prior periods.

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

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

2. REVENUE

The Group's revenue is as follow:

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Sales of goods	<u>226,646</u>	<u>146,538</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2014

3. SEGMENT INFORMATION

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

The Group has two reportable segments during the period (30 September 2013: one segment). The following summary describes the operations in the Group's reportable segments:

- Fashion garments and textiles trading and wholesale business
- Construction materials trading business

The revenue and gain generated by each of the Group's operating segments and segment assets are summarised as follows:

Six Months ended 30 September 2014

	Fashion garments and textiles business HK\$'000 (unaudited)	Trading of construction materials HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Reporting segment revenue from external customers	<u>153,445</u>	<u>73,201</u>	<u>226,646</u>
Reporting segment profit	<u>4,452</u>	<u>680</u>	<u>5,132</u>
Reporting segment assets	<u><u>128,852</u></u>	<u><u>32,810</u></u>	<u><u>161,662</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2014

3. SEGMENT INFORMATION (continued)

Six Months ended 30 September 2013

	Fashion garments and textiles business <i>HK\$'000</i> (unaudited)	Trading of construction materials <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Reporting segment revenue from external customers	146,538	–	146,538
Reporting segment profit	10,041	–	10,041
Reporting segment assets	80,445	–	80,445

The Group's segment profit reconciles to the Group's profit after tax as presented in its Interim Financial Statements as follows:

	Six months ended	
	30 September	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Total reporting segment profit	5,132	10,041
Gain on debts discharged under the Scheme of Arrangement	–	1,403,594
Gain on disposal of a subsidiary	–	148,182
Restructuring costs	–	(19,891)
Unallocated corporate income and expenses	(2,418)	(2,941)
Unallocated finance costs	–	(909)
Consolidated profit for the period	2,714	1,538,076

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2014

4. OTHER INCOME

	Six months ended	
	30 September	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest income	11	6
Reimbursement of restructuring expenses		
from the Investor	–	331
Others	1	–
	<u>12</u>	<u>–</u>
	<u>12</u>	<u>337</u>

5. FINANCE COST

	Six months ended	
	30 September	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest expenses on borrowings wholly		
repayable within five years		
— promissory note	–	909
	<u>–</u>	<u>909</u>
	<u>–</u>	<u>909</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2014

6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Current tax — Hong Kong Profits Tax		
Provision for the period	293	125
Current tax — the PRC Enterprise Income Tax		
Provision for the period	<u>1,293</u>	<u>1,882</u>
	<u>1,586</u>	<u>2,007</u>

Hong Kong profits tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits for the period. 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 periods.

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 six months ended 30 September 2014

7. PROFIT FOR THE PERIOD

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

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Directors' emoluments		
— As directors	725	25
— For management	—	—
	<hr/>	<hr/>
	725	25
Depreciation	314	316
Cost of sales	213,136	125,199
Staff costs (including Directors' remuneration)	4,963	4,818
	<hr/> <hr/>	<hr/> <hr/>

8. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the six months period attributable to owners of the Company of approximately HK\$2,619,000 (2013: HK\$1,537,481,000) and the weighted average number of ordinary shares of 1,321,682,525 (2013: 193,364,120) in issue during the period.

Diluted earnings per share

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

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2014

9. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2014 (2013: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

	30 September	31 March
	2014	2014
	HK\$'000	HK\$'000
	(unaudited)	(audited)
At beginning of the period/year	997	1,207
Additions	2,251	454
Exchange difference	25	20
Depreciation	(314)	(684)
	<hr/>	<hr/>
At end of the period/year	2,959	997
	<hr/> <hr/>	<hr/> <hr/>

11. INVESTMENT PROPERTIES

Investment properties were acquired during the six months ended 30 September 2014. The Directors considered that there are no significant changes of the market on the valuation of investment properties since the purchase date. Therefore, the Directors considered that the fair value of investment properties at 30 September 2014 was approximately the same as the purchase price.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2014

12. 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:

	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
1–30 days	40,145	25,358
31–60 days	18,977	1,492
61–90 days	5,230	24,747
91–120 days	790	2,172
Over 120 days	13,225	880
Less: Impairments	—	—
	<u>78,367</u>	<u>54,649</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2014

13. TRADE PAYABLES

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

	30 September 2014 <i>HK\$'000</i> (unaudited)	31 March 2014 <i>HK\$'000</i> (audited)
1–30 days	19,274	19,993
31–60 days	3,532	1,465
61–90 days	1,433	8,889
91–120 days	960	1,865
Over 120 days	206	–
	25,405	32,212

14. SHARE CAPITAL

	30 September 2014 <i>HK\$'000</i> (unaudited)	31 March 2014 <i>HK\$'000</i> (audited)
Authorized:		
50,000,000,000 ordinary shares of HK\$0.1 each	500,000	500,000
Issued and fully paid:		
1,321,682,525 ordinary shares of HK\$0.1 each	13,217	13,217

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2014

15. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 September 2014.

16. EVENTS AFTER THE REPORTING PERIOD

There is no significant event happened after the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 September 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. In addition, the Group successfully extended its trading business to the trading of construction materials and became a new reportable segment during the period.

The Group recorded a turnover of approximately HK\$226.6 million (six months ended 30 September 2013: approximately HK\$146.5 million), and achieved profit from operations of approximately HK\$4.3 million, representing a decrease of 52.8% from the previous period (six months ended 30 September 2013: approximately HK\$9.1 million). Profit attributable to the owners of the Company for the period ended 30 September 2014 amounted to approximately HK\$2.6 million (six months ended 30 September 2013: HK\$1,537.5 million). The said decrease in profit attributable to the owners of the Company was mainly attributable to the absence of the one off gain of approximately HK\$1,404 million on the settlement of all the debts of the Company upon completion of the debt restructuring recognised in last period. Basic earnings per share decreased from HK\$7.95 for the six months ended 30 September 2013 to HK\$0.002 for the six months ended 30 September 2014.

Due to the weak domestic garment market and the emergence of internet retail business in China, the Group experienced a decline in its garment retail business. In light of the weakened market, the Group has been consolidating its garment retail business segment by channeling resources to U-Right branded products and phasing out/scaling down other garment retail brands to strengthen competitiveness of the business. Although the trading business of the Group has grown rapidly, due to the lower profit margin of the trading business as compared with that of the garment retail business, the Group experienced a decline in its gross profit margin from 14.6% in last period to 6.0% in current period.

DIVIDEND

The Directors do not recommend the payment of interim dividend for the six months ended 30 September 2014 (six months ended 30 September 2013: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

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 30 September 2014, the Group had total assets of approximately HK\$194.5 million (31 March 2014: approximately HK\$194.1 million), comprising bank and cash balances of HK\$32.8 million (31 March 2014: HK\$79.2 million). The Group's current ratio, calculated as current assets of approximately HK\$168.5 million (31 March 2014: approximately HK\$178.9 million) over current liabilities of approximately HK\$44.0 million (31 March 2014: approximately HK\$46.7 million), remained stable at 3.83 as at 30 September 2014 (31 March 2014: 3.83).

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 does not have any material capital commitment as at 30 September 2014 (31 March 2014: HK\$69.2 million).

Pledged of Assets and Contingent Liabilities

The Group had no significant pledge of assets nor contingent liabilities as at 30 September 2014 (31 March 2014: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

During the year 2013, the Company completed a series of corporate restructuring exercises and fund raising activities. The total net cash proceeds from subscription and open offer completed on 18 September 2014 were approximately HK\$145.5 million and HK\$26.1 million respectively. The proceeds were used as follow:

- (i) HK\$50.0 million were used as cash payment to the SchemeCo as source of dividends to the creditors with admitted claims under the Scheme of Arrangement;
- (ii) HK\$11.3 million was used to repay to the investor, Advance Lead International Limited;
- (iii) HK\$20 million was used for the repayment of the promissory note for the settlement of consideration of the acquisition (details of the acquisition stated in the circular of the Company dated 25 August 2011);
- (iv) approximately HK\$35.8 million was used as general working capital for the six months ended 30 September 2014;
- (v) approximately HK\$19.9 million was used to pay for professional fees and expenses related to the Restructuring;
- (vi) approximately HK\$11 million was used for the acquisition of PRC properties; and
- (vii) the remaining balance of approximately HK\$23.6 million will be used as general working capital of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENT

During the period under review, the Group has acquired five properties in the PRC. A property at consideration of approximately HK\$2.2 million is for its own use as retail shop and the remaining four properties at a total consideration of HK\$8.8 million have been used for investment purpose.

Save as disclosed, the Group did not have any material acquisition, disposal or investment for the period ended 30 September 2014.

EMPLOYEES AND REMUNERATION POLICIES

At 30 September 2014, the Group had approximately 115 employees. For the six months ended 30 September 2014, the total staff cost including the Directors' emolument was approximately HK\$4,963,000. 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

The Group has been managing its businesses prudently since keen competition of the garment business and construction materials 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

As at 30 September 2014, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code").

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2014, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company.

Name	Position	Type of interest	Number of shares	Approximate % of the Company's issued share capital
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%

MANAGEMENT DISCUSSION AND ANALYSIS

Name	Position	Type of interest	Number of shares	Approximate % of the Company's issued share capital
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 30 September 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to disclosure requirement under Rule 13.51B(1) of the Listing Rules, the changes in information of Directors are set out below:

Name of Directors	Details of changes
Ng Cheuk Fan, Keith	— Appointed as an independent non-executive director of China Eco-Farming Limited (stock code: 8166) with effect from 1 September 2014
Tang Kwok Hung	— Appointed as the Chief Executive Officer of the Company with effect from 18 September 2014
Mak Ka Wing, Patrick	— Appointed as an independent non-executive director of Golden Shield Holdings (Industrial) Limited (stock code: 2123) with effect from 6 November 2014
Chan Chi Yuen	— Resigned as an independent non-executive director of China Sandi Holdings Limited (stock code: 910) with effect from 9 July 2014
Yeung Sau Han, Agnes	— Retired as an executive Director and the Chief Executive Officer of the Company with effect from 18 September 2014
Chung Wai Man	— Retired as a non-executive Director with effect from 18 September 2014

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the period 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.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules immediate after the resumption of trading of the Company, except for the deviation of A.4.1 of the Code. The Company has set up Nomination Committee, Remuneration Committee, and Audit Committee with adoption of relevant terms of reference pursuant to the Code.

Pursuant to A.4.1 of the Code, non-executive directors should be appointed for specific terms, subject to re-election. For the period ended 30 September 2014, all the existing independent non-executive Directors were not appointed for a specific term but are subject to retirement and re-election at the forthcoming annual general meeting of the Company (the “AGM”) and retirement by rotation and re-election at least once every three years at the AGM in accordance with the provisions of the Company’s bye-laws.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. Having made specific enquiry to all Directors, they have confirmed that they complied with the required standards as set out in the Model Code during the six months ended 30 September 2014.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed with the management the appropriateness and consistent application of significant accounting principles and policies adopted by the Group, and discussed judgement issues, accounting estimates, adequacy of disclosures and internal consistency of the interim financial statements for the six months ended 30 September 2014.

By Order of the Board
U-RIGHT International Holdings Limited
TANG Kwok Hung
Executive Director

Hong Kong, 25 November 2014