



**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 2015**

\* *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](http://www.uright.com.hk)

## 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

## 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 2015

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 2015 together with comparative figures for the previous period:

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2015</b>	2014
	<i>Notes</i>	<b>HK\$'000</b>	HK\$'000
		<b>(unaudited)</b>	(unaudited)
<b>Revenue</b>	2	<b>212,561</b>	226,646
Cost of sales		<u><b>(203,872)</b></u>	<u>(213,136)</u>
Gross profit		<b>8,689</b>	13,510
Other income	4	<b>282</b>	12
Selling and distribution costs		<b>(3,199)</b>	(3,781)
Administrative expenses		<u><b>(5,853)</b></u>	<u>(5,441)</u>
<b>(Loss)/profit before tax</b>		<b>(81)</b>	4,300
Income tax expense	5	<u><b>(771)</b></u>	<u>(1,586)</u>
<b>(Loss)/profit for the period</b>	6	<u><b>(852)</b></u>	<u>2,714</u>
<b>(Loss)/profit for the period attributable to:</b>			
Owners of the Company		<b>(831)</b>	2,619
Non-controlling interests		<u><b>(21)</b></u>	<u>95</u>
		<u><b>(852)</b></u>	<u>2,714</u>

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

For the six months ended 30 September 2015

		Six months ended 30 September	
	Notes	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
<b>(Loss)/earning per share attributable to owners of the Company</b>			
Basic (HK cents per share)	7	<u>(0.06)</u>	<u>0.20</u>
Diluted (HK cents per share)		<u>N/A</u>	<u>N/A</u>
<b>(Loss)/profit for the period</b>	6	<b>(852)</b>	2,714
<b>Other comprehensive (loss)/income:</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		(3,476)	455
Fair value changes of available-for-sale financial assets		<u>(100)</u>	<u>–</u>
Total comprehensive (loss)/income for the period		<u>(4,428)</u>	<u>3,169</u>
<b>Total comprehensive (loss)/income for the period attributable to:</b>			
Owners of the Company		(4,229)	3,064
Non-controlling interests		<u>(199)</u>	<u>105</u>
		<u>(4,428)</u>	<u>3,169</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2015*

	<i>Notes</i>	<b>As at 30 September 2015 HK\$'000 (unaudited)</b>	<b>As at 31 March 2015 HK\$'000 (audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment	<i>9</i>	<b>3,312</b>	2,844
Investment properties	<i>10</i>	<b>8,711</b>	8,711
Available-for-sale financial assets		<b>3,450</b>	3,550
Goodwill		<b>11,202</b>	11,202
		<hr/> <b>26,675</b> <hr/>	<hr/> 26,307 <hr/>
<b>Current assets</b>			
Inventories		<b>21,802</b>	16,963
Trade receivables	<i>11</i>	<b>74,136</b>	83,893
Prepayments, deposits and other receivables		<b>26,389</b>	28,949
Bank and cash balances		<b>23,515</b>	23,984
		<hr/> <b>145,842</b> <hr/>	<hr/> 153,789 <hr/>
<b>Current liabilities</b>			
Trade payables	<i>12</i>	<b>13,019</b>	15,060
Accruals and other payables		<b>4,113</b>	5,191
Current tax liabilities		<b>10,871</b>	10,903
		<hr/> <b>28,003</b> <hr/>	<hr/> 31,154 <hr/>
<b>Net current assets</b>		<hr/> <b>117,839</b> <hr/>	<hr/> 122,635 <hr/>
<b>NET ASSETS</b>		<hr/> <b>144,514</b> <hr/> <hr/>	<hr/> 148,942 <hr/> <hr/>
<b>Capital and reserves</b>			
Share capital	<i>13</i>	<b>13,217</b>	13,217
Reserves		<b>126,850</b>	131,079
		<hr/> <b>140,067</b> <hr/>	<hr/> 144,296 <hr/>
Equity attributable to owners of the Company		<b>140,067</b>	144,296
Non-controlling interests		<b>4,447</b>	4,646
		<hr/> <b>144,514</b> <hr/> <hr/>	<hr/> 148,942 <hr/> <hr/>
<b>TOTAL EQUITY</b>		<hr/> <b>144,514</b> <hr/> <hr/>	<hr/> 148,942 <hr/> <hr/>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

Attributable to owners of the Company										
	Share capital	Share premium account	Statutory reserve	Capital reserve	Investment revaluation reserve	Foreign currency translation reserve	Accumulated losses	Total	Non- controlling interests	Total equity
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At 1 April 2015	13,217	783,155	220	3,020	(446)	2,078	(656,948)	144,296	4,646	148,942
Total comprehensive loss for the period	-	-	-	-	(100)	(3,298)	(831)	(4,229)	(199)	(4,428)
At 30 September 2015	<u>13,217</u>	<u>783,155</u>	<u>220</u>	<u>3,020</u>	<u>(546)</u>	<u>(1,220)</u>	<u>(657,779)</u>	<u>140,067</u>	<u>4,447</u>	<u>144,514</u>
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>-</u>	<u>1,933</u>	<u>(655,673)</u>	<u>145,872</u>	<u>4,626</u>	<u>150,498</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the six months ended 30 September 2015*

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<i><b>HK\$'000</b></i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
<b>Net cash generated from/(used in) operating activities</b>	<b>3,827</b>	(35,752)
<b>Net cash used in investing activities</b>	<b>(925)</b>	(11,086)
<b>Net cash generated from financing activities</b>	–	–
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,902</b>	(46,838)
Effect of foreign exchange rate changes	(3,371)	428
Cash and cash equivalents at beginning of period	<b>23,984</b>	79,215
<b>Cash and cash equivalents at end of period</b>	<b>23,515</b>	32,805
<b>Analysis of cash and cash equivalents</b>		
Bank and cash balances	<b>23,515</b>	32,805



# NOTES TO THE FINANCIAL STATEMENTS

*For the six months ended 30 September 2015*

## 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 are trading and retailing of fashion garments, textiles and leathers, trading of construction materials and property investment.

The unaudited condensed interim consolidated financial statements (the “Interim Financial Statements”) of the Company and its subsidiaries for the six months ended 30 September 2015 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 2015.

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 2015.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 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 2015. 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	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Sales of goods	212,400	226,646
Property rental income	161	–
	<u>212,561</u>	<u>226,646</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 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 three reportable segments during the period (30 September 2014: two segments). The following summary describes the operations in the Group's reportable segments:

- Trading and retailing of fashion garments, textiles and leathers
- Trading of construction materials
- Rental of commercial properties

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 2015

	Trading and retailing of fashion garments, textiles and leathers <i>HK\$'000</i> (unaudited)	Trading of construction materials <i>HK\$'000</i> (unaudited)	Rental of commercial properties <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Reporting segment revenue from external customers	<u>91,035</u>	<u>121,365</u>	<u>161</u>	<u>212,561</u>
Reporting segment gain	<u>2,393</u>	<u>481</u>	<u>4</u>	<u>2,878</u>
Reporting segment assets	<u><u>102,568</u></u>	<u><u>34,554</u></u>	<u><u>8,739</u></u>	<u><u>145,861</u></u>

# NOTES TO THE FINANCIAL STATEMENTS

*For the six months ended 30 September 2015*

## 3. SEGMENT INFORMATION (continued)

Six Months ended 30 September 2014

	Trading and retailing of fashion garments, textiles and leathers <i>HK\$'000</i> (unaudited)	Trading of construction materials <i>HK\$'000</i> (unaudited)	Rental of commercial properties <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Reporting segment revenue from external customers	<u>153,445</u>	<u>73,201</u>	<u>–</u>	<u>226,646</u>
Reporting segment gain	<u>4,452</u>	<u>680</u>	<u>–</u>	<u>5,132</u>
Reporting segment assets	<u><u>128,852</u></u>	<u><u>32,810</u></u>	<u><u>–</u></u>	<u><u>161,662</u></u>

The Group's segment profit/(loss) reconciles to the Group's profit/(loss) before income tax as presented in its Interim Financial Statements as follows:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
<b>Profit or (loss)</b>		
Total reporting segment profit	<b>2,878</b>	5,132
Unallocated corporate expenses	<u><b>(3,730)</b></u>	<u>(2,418)</u>
Consolidated (loss)/profit for the period	<u><u><b>(852)</b></u></u>	<u><u>2,714</u></u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 4. OTHER INCOME

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest income	16	11
Net foreign exchange gain	184	–
Others	82	1
	<u>282</u>	<u>12</u>

## 5. INCOME TAX EXPENSE

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax — Hong Kong Profits Tax		
Provision for the period	343	293
Current tax — the PRC Enterprise Income Tax		
Provision for the period	428	1,293
	<u>771</u>	<u>1,586</u>

Hong Kong profits tax is calculated at 16.5% (2014: 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 5. INCOME TAX EXPENSE (continued)

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.

## 6. (LOSS)/PROFIT FOR THE PERIOD

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

	Six months ended 30 September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Directors' emoluments		
— As directors	750	725
— For management	—	—
	<hr/>	<hr/>
	750	725
Depreciation	352	314
Cost of sales	203,872	213,136
Staff costs (including Directors' remuneration)	3,284	4,963
	<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE FINANCIAL STATEMENTS

*For the six months ended 30 September 2015*

## **7. (LOSS)/EARNING PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY**

### **Basic earning per share**

The calculation of basic (loss)/earning per share attributable to owners of the Company is based on the loss (2014: profit) for the six months period attributable to owners of the Company of approximately HK\$831,000 (2014: HK\$2,619,000) and the weighted average number of ordinary shares of 1,321,682,525 (2014: 1,321,682,525) in issue during the period.

### **Diluted earning per share**

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

## **8. DIVIDENDS**

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2015 (2014: Nil).

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 9. PROPERTY, PLANT AND EQUIPMENT

	<b>30 September 2015</b>	31 March 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(audited)
At beginning of the period/year	<b>2,844</b>	997
Additions	<b>925</b>	2,524
Exchange difference	<b>(105)</b>	12
Depreciation	<b>(352)</b>	(689)
	<hr/>	<hr/>
At end of the period/year	<b><u>3,312</u></b>	<b><u>2,844</u></b>

## 10. INVESTMENT PROPERTIES

Investment properties were assessed annually. The Directors considered that there are no significant changes of the market on the valuation of investment properties since 31 March 2015. Therefore, the Directors considered that the fair value of investment properties at 30 September 2015 was approximately the same as that of 31 March 2015.

## 11. 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.



# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 11. TRADE RECEIVABLES (continued)

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

	<b>30 September 2015 HK\$'000 (unaudited)</b>	31 March 2015 HK\$'000 (audited)
1–30 days	40,599	43,176
31–60 days	23,246	23,954
61–90 days	7,498	13,018
91–120 days	1,163	1,227
Over 120 days	1,630	2,518
Less: Impairments	—	—
	<u>74,136</u>	<u>83,893</u>

## 12. TRADE PAYABLES

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

	<b>30 September 2015 HK\$'000 (unaudited)</b>	31 March 2015 HK\$'000 (audited)
1–30 days	12,082	1,222
31–60 days	—	10,583
61–90 days	55	1,109
91–120 days	—	1,016
Over 120 days	882	1,130
	<u>13,019</u>	<u>15,060</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 13. SHARE CAPITAL

	<b>30 September 2015 HK\$'000 (unaudited)</b>	31 March 2015 HK\$'000 (audited)
Authorized: 50,000,000,000 ordinary shares of HK\$0.01 each	<u><u>500,000</u></u>	<u><u>500,000</u></u>
Issued and fully paid: 1,321,682,525 ordinary shares of HK\$0.01 each	<u><u>13,217</u></u>	<u><u>13,217</u></u>

## 14. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 September 2015 and 2014.

# NOTES TO THE FINANCIAL STATEMENTS

*For the six months ended 30 September 2015*

## 15. EVENTS AFTER THE REPORTING PERIOD

At the request of the Company, trading in shares of the Company had been suspended since 15 April 2015 and resumed on 28 October 2015.

On 14 April 2015, the Company and a vendor (the “Vendor”) who is a third party independent of the Company and its connected persons entered into a sale and purchase agreement (as amended and supplemented by the supplemental agreement dated 27 October 2015) (the “SP Agreement”) pursuant to which, the Company has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the entire issued share capital of Vivalink Limited (the “Target Company”), together with its subsidiaries, and its shareholders’ loan owed to the Vendor (the “Acquisition”) for a total consideration of HK\$1,942,854,000, which will be satisfied by the issue of new shares, issue of convertible bonds, cash and/or promissory note. The Acquisition constitutes: (i) a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules and (ii) a reverse takeover for the Company under Rule 14.06(a) of the Listing Rules. In addition, the Company will be treated as if it were a new listing applicant. The Company has filed the new listing application with the Stock Exchange on 13 November 2015. Please refer to the Company’s announcements on 27 October 2015 and 13 November 2015 for more details.

On 27 October 2015, the Company (as the vendor) and Qiu Wenzhong, an independent third party, (the “UR Purchaser”) entered into an agreement (the “UR Disposal Agreement”) pursuant to which the Company has agreed to sell and the UR Purchaser has agreed to purchase the entire issued share capital of UR Group Limited and a shareholder’s loan in the sum of approximately HK\$18.56 million owed by the UR Group Limited and its subsidiaries to the Company for a total consideration of approximately HK\$56.50 million. Please refer to the Company’s announcement on 27 October 2015 for more details.

On 27 October 2015, the Company (as the vendor) and Ma Weihong, an independent third party, (the “Alfreda Purchaser”) entered into an agreement (the “Alfreda Disposal Agreement”) pursuant to which the Company has agreed to sell and the Alfreda Purchaser has agreed to purchase the entire issued share capital of Alfreda Limited and a shareholder’s loan in the sum of approximately HK\$20.30 million owed by the Alfreda Limited and its subsidiaries to the Company for a total consideration of approximately HK\$25.86 million. Please refer to the Company’s announcements on 27 October 2015 and 13 November 2015 for more details.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

For the six months ended 30 September 2015, 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, trading of construction materials and property investment.

The Group recorded a turnover of approximately HK\$212.6 million (six months ended 30 September 2014: approximately HK\$226.6 million), and recorded loss before tax of approximately HK\$81,000, representing a decrease of 98.1% from the previous period (profit before tax for the six months ended 30 September 2014: HK\$4.3 million). Loss attributable to the owners of the Company for the period ended 30 September 2015 amounted to approximately HK\$0.8 million (profit attributable to the owners of the Company for the six months ended 30 September 2014: HK\$2.6 million). The said loss attributable to the owners of the Company was mainly attributable to the weak domestic garment market and the emergence of internet retail business in China, the Group experienced a decline in its garment business. The turnover of garment business dropped from approximately HK\$153.4 million in the last period to approximately HK\$91.0 million this period. Moreover, though the Group has successfully expanded its trading business in construction materials, due to its lower profit margin of the trading business as compared with that of the garment business, the Group experienced a decline in its gross profit margin from 6.0% last period to 4.1% in current period. Basic loss per share for the six months ended 30 September 2015 amounted to HK\$0.06 cent, while basic earning per share for the six months ended 30 September 2014 amounted to HK\$0.20 cent.

## DIVIDEND

The Directors do not recommend the payment of interim dividend for the six months ended 30 September 2015 (six months ended 30 September 2014: Nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Liquidity and Financial Resources

As at 30 September 2015, the Group had total assets of approximately HK\$172.5 million (31 March 2015: approximately HK\$180.1 million), comprising bank and cash balances of HK\$23.5 million (31 March 2015: HK\$24.0 million). The Group's current ratio, calculated as current assets of approximately HK\$145.8 million (31 March 2015: approximately HK\$153.8 million) over current liabilities of approximately HK\$28.0 million (31 March 2015: approximately HK\$31.2 million), slightly increased to 5.21 as at 30 September 2015 (31 March 2015: 4.94).

### 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 commitment, which are contracted but not provided for, in respect of the capital contribution to two subsidiaries amounting to approximately HK\$53,162,000 as at 30 September 2015 (31 March 2015: approximately HK\$55,287,000).

### Pledge of Assets and Contingent Liabilities

The Group does not have any pledge of assets and contingent liabilities as at 30 September 2015 and 31 March 2015.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CAPITAL STRUCTURE

The Company comprise of 1,321,682,525 issued shares with par value of HK\$0.01 as at 30 September 2015.

## MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENT

Save as disclosed in the section of “Events After the Reporting Period”, the Group did not have any material acquisition, disposal or investment for the period ended 30 September 2015.

## EMPLOYEES AND REMUNERATION POLICIES

At 30 September 2015, the Group had approximately 70 employees. For the six months ended 30 September 2015, the total staff cost including the Directors’ emolument was approximately HK\$3,284,000. 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 Board has continuously been exploring different investment opportunities. Through the Acquisition, the Company can acquire the well-established businesses of the Target Company and its subsidiaries in the PRC. In light of the weak prospect of wholesaling and retailing of garment business presently carried on by the Group and the various challenges and uncertainties lied ahead in the retailing industry under the current global macro-economic environment, the Board believes that the Acquisition allows the scope of business of the Group to be replaced and the quality assets proposed to be acquired are expected to enhance the Company’s value to the Shareholders.

At the same time, the management of the Group continues to explore business opportunities for additional value for shareholders.

# MANAGEMENT DISCUSSION AND ANALYSIS

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

As at 30 September 2015, 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 2015, 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 <i>(Note)</i>	73.39%
Easy Advance Investments Limited	Long	Interest of corporation controlled by the substantial shareholder	970,000,000 <i>(Note)</i>	73.39%
Advance Shine Holdings Limited	Long	Interest of corporation controlled by the substantial shareholder	970,000,000 <i>(Note)</i>	73.39%

## MANAGEMENT DISCUSSION AND ANALYSIS

Name	Position	Type of interest	Number of shares	Approximate % of the Company's issued share capital
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 30 September 2015.



# 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:

<b>Name of Directors</b>	<b>Details of changes</b>
Mak Ka Wing, Patrick	— Resigned as an independent non-executive Director of EYANG Holdings (Group) Co., Limited (stock code: 117) with effect from 15 July 2015
Chan Chi Yuen	— Resigned as an executive Director of China Minsheng Drawin Technology Group Limited (formerly known as South East Group Limited) (stock code: 726) with effect from 3 July 2015
	— Appointed as an executive Director of e-Kong Group Limited (stock code: 524) with effect from 8 June 2015
	— Appointed as an independent non-executive Director of Leyou Technologies Holdings Limited (stock code: 1089) with effect from 24 July 2015
	— Resigned as an executive Director of Co-Prosperty Holdings Limited (stock code: 707) with effect from 9 October 2015
	— Appointed as an executive Director of Kate China Holdings Limited (stock code: 8125) with effect from 27 October 2015
	— Appointed as the Chairman of Kate China Holdings Limited (stock code: 8125) with effect from 17 November 2015

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 2015.

## 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, 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 2015, 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 2015.

# MANAGEMENT DISCUSSION AND ANALYSIS

## REVIEW OF INTERIM RESULTS

The Audit Committee constitutes three independent non-executive Directors with Mr. Chan Chi Yuen as the chairman of the Audit Committee. The unaudited results of the Group for the six months ended 30 September 2015 have been reviewed by the Audit Committee.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has complied with the public float requirement under the Listing Rules as at the date of this report.

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

Hong Kong, 27 November 2015