



**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 2017**

\* *for identification purposes only*

# CONTENTS

	<b>PAGE</b>
CORPORATE INFORMATION	2
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	5
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	6
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	7
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	8
MANAGEMENT DISCUSSION AND ANALYSIS	21

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### *Executive Directors*

NG Cheuk Fan, Keith (*Chairman*)

TANG Kwok Hung

(*Chief Executive Officer*)

### *Independent Non-Executive Directors*

CHAN Chi Yuen

MAK Ka Wing, Patrick

XIE Tom

## COMPANY SECRETARY

CHAN Lo Sho

## 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

Unit 2408, 24/F.

World-wide House

19 Des Voeux Road Central

Hong Kong

## PRINCIPAL REGISTRAR (IN BERMUDA)

Conyers Corporate Services

(Bermuda) 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 2017

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 2017 together with comparative figures for the previous period:

		<b>Six months ended</b>	
		<b>30 September</b>	
	<i>Notes</i>	<b>2017</b>	2016
		<b>HK\$'000</b>	HK\$'000
		<b>(unaudited)</b>	(unaudited)
<b>Continuing operations</b>			
<b>Revenue</b>	2	<b>207,338</b>	116,845
Cost of sales		<b>(202,515)</b>	(114,119)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>4,823</b>	2,726
Other income	4	<b>131</b>	188
Selling and distribution costs		<b>(3,079)</b>	(1,668)
Administrative expenses		<b>(3,460)</b>	(3,631)
		<hr/>	<hr/>
<b>Loss before tax</b>		<b>(1,585)</b>	(2,385)
Income tax expense	5	<b>(333)</b>	(204)
		<hr/>	<hr/>
<b>Loss for the period from continuing operations</b>		<b>(1,918)</b>	(2,589)
<b>Discontinued operations</b>			
Profit for the period from discontinued operations	6(b)	<b>312</b>	2,481
		<hr/>	<hr/>
Loss for the period	7	<b>(1,606)</b>	(108)
		<hr/>	<hr/>
<b>Other comprehensive income/(expense):</b>			
<b>Items that may be reclassified to profit or loss:</b>			
Exchange differences on translation of foreign operations		<b>3,761</b>	(2,290)
Fair value changes of available-for-sale financial assets		<b>(450)</b>	(400)
		<hr/>	<hr/>
<b>Total comprehensive income/(expense) for the period</b>		<b>1,705</b>	(2,798)
		<hr/> <hr/>	<hr/> <hr/>

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

For the six months ended 30 September 2017

	Six months ended 30 September	
Notes	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
<b>(Loss)/profit for the period attributable to:</b>		
<b>Owners of the Company</b>		
Loss from continuing operations	(1,918)	(2,589)
Profit from discontinued operations	321	2,494
	<u>(1,597)</u>	<u>(95)</u>
<b>Non-controlling interests</b>		
Loss from discontinued operations	(9)	(13)
	<u>(1,606)</u>	<u>(108)</u>
<b>Total comprehensive income/(expense) for the period attributable to:</b>		
Owners of the Company	1,887	(2,678)
Non-controlling interests	(182)	(120)
	<u>1,705</u>	<u>(2,798)</u>
<b>(Loss)/earning per share attributable to owners of the Company</b>		
	8	
<b>From continuing and discontinued operations</b>		
Basic (HK cents per share)	<u>(0.12)</u>	<u>(0.01)</u>
Diluted (HK cents per share)	<u>(0.12)</u>	<u>(0.01)</u>
<b>From continuing operations</b>		
Basic (HK cents per share)	<u>(0.14)</u>	<u>(0.20)</u>
Diluted (HK cents per share)	<u>(0.14)</u>	<u>(0.20)</u>
<b>From discontinued operations</b>		
Basic (HK cents per share)	<u>0.02</u>	<u>0.19</u>
Diluted (HK cents per share)	<u>0.02</u>	<u>0.19</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2017*

	<i>Notes</i>	<b>As at 30 September 2017 HK\$'000 (unaudited)</b>	<b>As at 31 March 2017 HK\$'000 (audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>2,303</b>	2,325
Investment properties	<i>11</i>	<b>8,067</b>	7,759
		<hr/> <b>10,370</b> <hr/>	<hr/> 10,084 <hr/>
<b>Current assets</b>			
Inventories		<b>12</b>	37
Trade receivables	<i>12</i>	<b>32,242</b>	41,548
Prepayments, deposits and other receivables		<b>1,250</b>	1,266
Bank and cash balances		<b>3,612</b>	3,877
		<hr/> <b>37,116</b> <hr/>	<hr/> 46,728 <hr/>
Disposal groups classified as held for sale	<i>14</i>	<b>108,328</b>	105,112
		<hr/> <b>145,444</b> <hr/>	<hr/> 151,840 <hr/>
<b>Current liabilities</b>			
Trade payables	<i>13</i>	<b>266</b>	9,234
Accruals and other payables		<b>6,438</b>	6,856
Current tax liabilities		<b>149</b>	2
		<hr/> <b>6,853</b> <hr/>	<hr/> 16,092 <hr/>
Liabilities directly associated with the disposal groups	<i>14</i>	<b>27,510</b>	26,086
		<hr/> <b>34,363</b> <hr/>	<hr/> 42,178 <hr/>
<b>Net current assets</b>		<hr/> <b>111,081</b> <hr/>	<hr/> 109,662 <hr/>
<b>Total assets less current liabilities</b>		<hr/> <b>121,451</b> <hr/>	<hr/> 119,746 <hr/>
<b>NET ASSETS</b>		<hr/> <b>121,451</b> <hr/> <hr/>	<hr/> 119,746 <hr/> <hr/>
<b>Capital and reserves</b>			
Share capital	<i>15</i>	<b>13,217</b>	13,217
Reserves		<b>104,335</b>	102,448
		<hr/> <b>117,552</b> <hr/>	<hr/> 115,665 <hr/>
Equity attributable to owners of the Company		<b>117,552</b>	115,665
Non-controlling interests		<b>3,899</b>	4,081
		<hr/> <b>121,451</b> <hr/> <hr/>	<hr/> 119,746 <hr/> <hr/>
<b>TOTAL EQUITY</b>		<hr/> <b>121,451</b> <hr/> <hr/>	<hr/> 119,746 <hr/> <hr/>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

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>
At 1 April 2017 (audited)	13,217	783,155	220	3,020	(246)	(9,071)	(674,630)	115,665	4,081	119,746
Total comprehensive income/(expense) for the period (unaudited)	-	-	-	-	(450)	3,934	(1,597)	1,887	(182)	1,705
At 30 September 2017 (unaudited)	<u>13,217</u>	<u>783,155</u>	<u>220</u>	<u>3,020</u>	<u>(696)</u>	<u>(5,137)</u>	<u>(676,227)</u>	<u>117,552</u>	<u>3,899</u>	<u>121,451</u>
At 1 April 2016 (audited)	13,217	783,155	220	3,020	(946)	(3,681)	(670,344)	124,641	4,342	128,983
Total comprehensive expense for the period (unaudited)	-	-	-	-	(400)	(2,183)	(95)	(2,678)	(120)	(2,798)
At 30 September 2016 (unaudited)	<u>13,217</u>	<u>783,155</u>	<u>220</u>	<u>3,020</u>	<u>(1,346)</u>	<u>(5,864)</u>	<u>(670,439)</u>	<u>121,963</u>	<u>4,222</u>	<u>126,185</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the six months ended 30 September 2017*

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Net cash used in operating activities</b>	<u><b>(3,669)</b></u>	<u>(875)</u>
<b>Net cash used in investing activities</b>	<u>(–)</u>	<u>(71)</u>
<b>Net cash generated from financing activities</b>	<u>–</u>	<u>–</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,669)</b>	(946)
Effect of foreign exchange rate changes	<b>3,364</b>	(2,236)
Cash and cash equivalents at beginning of period	<u><b>20,045</b></u>	<u>23,128</u>
<b>Cash and cash equivalents at end of period</b>	<u><u><b>19,740</b></u></u>	<u><u>19,946</u></u>
<b>Analysis of cash and cash equivalents</b>		
Bank and cash balances	<b>3,612</b>	3,597
Bank and cash balances included in disposal groups classified as held for sale	<u><b>16,128</b></u>	<u>16,349</u>
	<u><u><b>19,740</b></u></u>	<u><u>19,946</u></u>



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2017*

## 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 consolidated interim financial statements (the “Interim Financial Statements”) of the Company and its subsidiaries for the six months ended 30 September 2017 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 consolidated financial statements for the year ended 31 March 2017.

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 2017.

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 2017. 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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2017*

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

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:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2017</b>	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Sales of goods	<b>233,632</b>	252,886
Property rental income	<b>296</b>	155
	<b>233,928</b>	253,041
Representing:		
— Continuing operations	<b>207,338</b>	116,845
— Discontinued operations ( <i>note 6(b)</i> )	<b>26,590</b>	136,196
	<b>233,928</b>	253,041

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

## 3. SEGMENT INFORMATION

Segment profits or losses do not include interest income on bank deposits, central administration costs, directors' salaries and finance costs. Segment assets do not include bank and cash balances.

The Group has three reportable segments as follows:

- Garment (discontinued operations) — Trading and retailing of fashion garments, textiles and leathers
- Construction materials — Trading of construction materials
- Property investment — Rental of commercial properties

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

### Six Months ended 30 September 2017

	Continuing operations			Discontinued operations	Total HK\$'000 (unaudited)
	Construction materials HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Sub-total HK\$'000 (unaudited)	Garment HK\$'000 (unaudited)	
Reporting segment revenue from external customers	207,042	296	207,338	26,590	233,928
Reporting segment profit	1,138	44	1,182	490	1,672
Reporting segment assets	32,970	7,850	40,820	94,005	134,825

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2017*

## 3. SEGMENT INFORMATION (continued)

### Six Months ended 30 September 2016

	Continuing operations			Discontinued operations	Total
	Construction materials <i>HK\$'000</i> (unaudited)	Property investment <i>HK\$'000</i> (unaudited)	Sub-total <i>HK\$'000</i> (unaudited)	Garment <i>HK\$'000</i> (unaudited)	
Reporting segment revenue from external customers	116,690	155	116,845	136,196	253,041
Reporting segment profit	629	130	759	3,273	4,032
Reporting segment assets	35,819	8,324	44,143	102,918	147,061

The Group's segment profit 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>2017</b>	2016
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
<b>Profit or (loss)</b>		
Total reporting segment profit	<b>1,672</b>	4,032
Unallocated corporate expenses	<b>(3,278)</b>	(4,140)
Consolidated loss for the period	<b>(1,606)</b>	(108)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

## 4. OTHER INCOME

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Interest income	73	23
Net foreign exchange gain	–	102
Others	128	158
	<u>201</u>	<u>283</u>
Representing:		
— Continuing operations	131	188
— Discontinued operations ( <i>note 6(b)</i> )	70	95
	<u>201</u>	<u>283</u>

## 5. INCOME TAX EXPENSE

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Current tax — Hong Kong Profits Tax		
Provision for the period	–	573
Current tax — the PRC Enterprise Income Tax		
Provision for the period	449	294
	<u>449</u>	<u>867</u>
Representing:		
— Continuing operations	333	204
— Discontinued operations ( <i>note 6(b)</i> )	116	663
	<u>449</u>	<u>867</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2017*

## **5. INCOME TAX EXPENSE (continued)**

Hong Kong profits tax is calculated at 16.5% (2016: 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.

## **6. DISCONTINUED OPERATIONS**

- (a) On 27 October 2015, the Company entered into two sale and purchase agreements to dispose of the entire equity interest in UR Group Limited and its subsidiaries (the “UR Group”) and Alfreda Limited and its subsidiaries (the “Alfreda Group”). The results of the UR Group and Alfreda Group under the business segment of trading and retailing of fashion garments, textiles and leather has been presented as discontinued operations, and the UR Group and Alfreda Group were classified as disposal groups held for sale on the unaudited condensed consolidated statement of financial position.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

## 6. DISCONTINUED OPERATIONS (continued)

(b) The profit for the period from discontinued operations is analysed as follows:

	UR Group <i>HK\$'000</i>	Alfreda Group <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Six Months ended</b>			
<b>30 September 2017</b>			
Revenue ( <i>note 2</i> )	21,307	5,283	26,590
Cost of sales	<u>(20,377)</u>	<u>(3,722)</u>	<u>(24,099)</u>
Gross profit	930	1,561	2,491
Other income ( <i>note 4</i> )	2	68	70
Selling and distribution costs	(709)	(151)	(860)
Administrative expenses	<u>(389)</u>	<u>(884)</u>	<u>(1,273)</u>
(Loss)/profit from operations	(166)	594	428
Income tax expense ( <i>note 5</i> )	<u>(4)</u>	<u>(112)</u>	<u>(116)</u>
(Loss)/profit for the period from discontinued operations	<u><u>(170)</u></u>	<u><u>482</u></u>	<u><u>312</u></u>
<b>Six Months ended</b>			
<b>30 September 2016</b>			
Revenue ( <i>note 2</i> )	129,430	6,766	136,196
Cost of sales	<u>(125,805)</u>	<u>(4,681)</u>	<u>(130,486)</u>
Gross profit	3,625	2,085	5,710
Other income ( <i>note 4</i> )	46	49	95
Selling and distribution costs	(1,019)	(202)	(1,221)
Administrative expenses	<u>(628)</u>	<u>(812)</u>	<u>(1,440)</u>
Profit from operations	2,024	1,120	3,144
Income tax expense ( <i>note 5</i> )	<u>(392)</u>	<u>(271)</u>	<u>(663)</u>
Profit for the period from discontinued operations	<u><u>1,632</u></u>	<u><u>849</u></u>	<u><u>2,481</u></u>

During the period, the UR Group and Alfreda Group used approximately HK\$1,985,000 (2016: received HK\$1,771,000) in respect of operating activities.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2017*

## 7. LOSS FOR THE PERIOD

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

	Six months ended 30 September					
	2017			2016		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Directors' emoluments						
— As directors	750	-	750	750	-	750
— For management	-	-	-	-	-	-
	<u>750</u>	<u>-</u>	<u>750</u>	<u>750</u>	<u>-</u>	<u>750</u>
Depreciation	141	26	167	145	53	198
Cost of sales	202,515	24,099	226,614	114,119	130,486	244,605
Staff costs (including Directors' remuneration):	<u>1,209</u>	<u>1,202</u>	<u>2,411</u>	<u>1,514</u>	<u>1,319</u>	<u>2,833</u>

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

### (a) From continuing and discontinued operations

#### *Basic earning per share*

The calculation of basic earning per share attributable to owners of the Company is based on the loss for the six months period attributable to owners of the Company of approximately HK\$1,597,000 (2016: HK\$95,000) and the weighted average number of ordinary shares of 1,321,682,525 (2016: 1,321,682,525) in issue during the period.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

## 8. (LOSS)/EARNING PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (continued)

### (a) From continuing and discontinued operations (continued)

*Diluted earning per share*

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

### (b) From continuing operations

*Basic earning per share*

The calculation of basic earning per share attributable to owners of the Company is based on the loss for the six months period attributable to owners of the Company of approximately HK\$1,918,000 (2016: HK\$2,589,000) and the weighted average number of ordinary shares of 1,321,682,525 (2016: 1,321,682,525) in issue during the period.

*Diluted earning per share*

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

### (c) From discontinued operations

*Basic earning per share*

The calculation of basic earning 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\$321,000 (2016: HK\$2,494,000) and the weighted average number of ordinary shares of 1,321,682,525 (2016: 1,321,682,525) in issue during the period.

*Diluted earning 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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2017*

## **9. DIVIDENDS**

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2017 (2016: Nil).

## **10. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 September 2017, property, plant and equipment with carrying amount of approximately HK\$28,000 was disposed of by the Group.

## **11. 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 2017. Therefore, the Directors considered that the fair value of investment properties at 30 September 2017 was approximately the same as that of 31 March 2017.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

## 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:

	<b>30 September 2017 HK\$'000 (unaudited)</b>	31 March 2017 HK\$'000 (audited)
1–30 days	<b>27,015</b>	41,548
31–60 days	<b>5,227</b>	–
	<b><u>32,242</u></b>	<b><u>41,548</u></b>

## 13. TRADE PAYABLES

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

	<b>30 September 2017 HK\$'000 (unaudited)</b>	31 March 2017 HK\$'000 (audited)
1–30 days	<b>266</b>	9,234

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2017*

## 14. DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALES

On 27 October 2015, the Company entered into two sale and purchase agreements to dispose of the entire equity interest in the UR Group and Alfreda Group. The assets and liabilities of the UR Group and Alfreda Group, which are expected to be sold within one year, have been classified as disposal groups classified as held for sale and are presented separately in the condensed consolidated statement of financial position.

	<b>UR Group</b>	<b>Alfreda Group</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>30 September 2017</b>			
Property, plant and equipment	12	68	80
Available-for-sale financial assets	3,300	–	3,300
Goodwill	–	14,202	14,202
Inventories	6,739	9,734	16,473
Trade receivables	43,298	2,666	45,964
Prepayments, deposits and other receivables	17,782	7,724	25,506
Bank and cash balances	2,090	14,038	16,128
	<u>73,221</u>	<u>48,432</u>	<u>121,653</u>
Less: Impairment loss recognized	<u>–</u>	<u>(13,325)</u>	<u>(13,325)</u>
Total assets associated with the disposal groups	73,221	35,107	108,328
Trade and other payables, and total for liabilities associated with the disposal groups	<u>(15,647)</u>	<u>(11,863)</u>	<u>(27,510)</u>
Net assets of the disposal groups	<u><u>57,574</u></u>	<u><u>23,244</u></u>	<u><u>80,818</u></u>

At 30 September 2017, cumulative income or expense recognised in other comprehensive income relating to the disposal group classified as held for sale amounted to a debit balance of HK\$1,481,000.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

## 15. SHARE CAPITAL

	<b>30 September 2017 HK\$'000 (unaudited)</b>	31 March 2017 HK\$'000 (audited)
Authorized:		
50,000,000,000 ordinary shares of HK\$0.01 each	<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	<u><b>13,217</b></u>	<u>13,217</u>

## 16. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 September 2017 and 31 March 2017.

## 17. EVENTS AFTER THE REPORTING PERIOD

Save as otherwise disclosed in this report, there is no important event affecting the Company and its subsidiaries which has occurred after the reporting period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

In the first half of the financial year ended 30 September 2017 (the “Period”), the Company has been benefited from the recovery of the steel market, and had a significant improvement in its construction material business. However, the retail climate remains to be weak in our core market of China, and the global economy remained challenging, those factors both impose difficulties to revive the Company’s garment business.

For the Period, the Company recorded a turnover from the continuing operations, including trading of construction materials and rental of commercial properties, approximately HK\$207.3 million (2016: approximately HK\$116.8 million), and recorded loss before tax of approximately HK\$1.6 million represented a significant improvement comparing to the previous period by 33.3% (2016: HK\$2.4 million). Loss attributable to owners of the Company for the Period is approximately HK\$1.9 million (2016: HK\$2.6 million). Gross profit margin is the same as 2016 approximately 2.2%, and result from tight control at all levels of operation, administrative expense steady dropped of 4.7% to approximately HK\$3.5 million. Basic loss per share from the continuing operations is HK cents 0.14 (2016: HK cents 0.2).

The Company recorded a turnover from the discontinued operations, the businesses of trading and retailing of fashion garment, textiles and leathers, for the Period approximately HK\$26.6 million (2016: approximately HK\$136.2 million), and recorded profit before tax approximately HK\$0.4 million with sharp decreases comparing to the previous period (2016: HK\$3.1 million). Profit attributable to owners of the Company for the Period is approximately HK\$0.3 million (2016: HK\$2.5 million). The gross profit margin rebound to 9.4% (2016: 4.2%). Basic earning per share from the discontinued operations is HK cents 0.02 (2016: HK cents 0.19).

And the total basic loss per share for the Period amounted to HK cents 0.12 (2016: HK cents 0.01) for the Company including continuing and discontinued operations.

## DIVIDEND

The Directors do not recommend the payment of interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: Nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Liquidity and Financial Resources

As at 30 September 2017, the Group had total assets of approximately HK\$155.8 million (31 March 2017: approximately HK\$161.9 million), comprising bank and cash balances of HK\$19.7 million (31 March 2017: HK\$20.0 million). The Group's current ratio, calculated as current assets of approximately HK\$145.4 million (31 March 2017: approximately HK\$151.8 million) over current liabilities of approximately HK\$34.4 million (31 March 2017: approximately HK\$42.2 million), slightly increased to 4.23 as at 30 September 2017 (31 March 2017: 3.60).

### 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\$51,322,000 as at 30 September 2017 (31 March 2017: approximately HK\$49,236,000).

### Pledge of Assets and Contingent Liabilities

The Group does not have any pledge of assets and contingent liabilities as at 30 September 2017 and 31 March 2017.

## CAPITAL STRUCTURE

The Company comprise of 1,321,682,525 issued shares with par value of HK\$0.01 as at 30 September 2017.

# MANAGEMENT DISCUSSION AND ANALYSIS

## MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENT

In 2015, the Company with a vendor entered into a sales and purchase agreement to acquire Vivalink Limited and its subsidiaries, which principally engaged in the development and sale of residential and commercial properties in Changsha in the PRC. During the past two years, the Company has been undergoing the finalization process of the transaction and updated by several supplemental agreements (with the initial sales and purchase agreement entered, collectively SP Agreement) the total consideration has been adjusted to HK\$1,511,313,200, which will be satisfied by the issue of new shares and cash and/or promissory note.

Pursuant to the SP Agreement and being one of the conditions precedent to the completion of the transactions contemplated under the SP Agreement, the Company has also entered into two disposal agreements to dispose two groups of the Company's subsidiaries in 2015, and agreed several supplemental agreements with the two buyers respectively, in 2016 and 2017.

According to the applicable Listing Rules, the subject Acquisition rendered the Company being treated as if it were a new listing applicant for the reasons of it is a very substantial acquisition and constitutes a reverse takeover for the Company and the Company filed its new listing applications with the Stock Exchange accordingly .

References are made to the announcements of the Company dated (i) 27 October 2015 in relation to, among other things, the Acquisition and the Disposals; (ii) 15 February 2017 in relation to, among other things, the supplemental agreement to the Acquisition, the new listing application, the application for Whitewash Waiver, the Share Premium Reduction, the Name Change, the Share Placing, the CB Placing, the Disposals and the adoption of the Share Option Scheme; (iii) 20 October 2017 in relation to, among other things, the Share Placing and the CB Placing; (iv) 23 February 2016, 29 July 2016, 28 October 2016 and 26 January 2017 in relation to, among other things, the Supplemental Agreements entered into between the Company and the Vendor in relation to the amendment and supplement of certain terms of the SP Agreement; (v) 30 June 2017 and 29 September 2017 in relation to the further delay in despatch of Circular and the entering into of the supplemental agreements in relation to the Acquisition and the Disposals; (vi) 28 July 2017 and 30 August 2017 in relation to the progress update of the Transactions; and (vii) the circular of the Company dated 27 October 2017, for more details.

Save as disclosed above, the Company did not have any material acquisition, disposal or investment for the six months ended 30 September 2017.



# MANAGEMENT DISCUSSION AND ANALYSIS

## EMPLOYEES AND REMUNERATION POLICIES

At 30 September 2017, the Group had approximately 60 employees. For the six months ended 30 September 2017, the total staff cost including the Directors' emolument was approximately HK\$2,411,000. 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

Looking forward, in view of the challenging economic and market environment, the Board will continue to hold a very cautious stance keeping the existing business lines viable. The Board also has been continuously exploring different investment opportunities to diversify and broaden its earning base. By the number of key initiatives, the Board believes the hard work to position the Company for future growth are enhancing the Company's value to shareholders.

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

As at 30 September 2017, 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 2017, 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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%
Sino Classic Global Limited	Long	Interest of corporation controlled by the substantial shareholder	970,000,000 <i>(Note)</i>	73.39%
Great Novel Limited	Long	Interest of corporation controlled by the substantial shareholder	970,000,000 <i>(Note)</i>	73.39%
Mr. Chau Pak Chuen	Long	Interest of corporation controlled by the substantial shareholder	970,000,000 <i>(Note)</i>	73.39%
Ms. Au Tsui Yee, Maggie	Long	Interest of corporation controlled by the substantial shareholder	970,000,000 <i>(Note)</i>	73.39%
Mr. Chau Kai Man	Long	Interest of corporation controlled by the substantial shareholder	970,000,000 <i>(Note)</i>	73.39%

# MANAGEMENT DISCUSSION AND ANALYSIS

*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 2017.

## 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 Director</b>	<b>Details of changes</b>
Mak Ka Wing, Patrick	— Appointed as an independent non-executive Director of Far East Holdings International Limited (stock code: 36) with effect from 18 July 2017
	— Resigned as an independent non-executive Director of Convoy Global Holdings Limited (stock code: 1019) with effect from 7 November 2017
Chan Chi Yuen	— Resigned as an independent non-executive Director of Jun Yang Financial Holdings Limited (formerly known as Jun Yang Solar Power Investments Limited) (stock code: 397) with effect from 20 October 2017

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 2017.

## 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 2017, 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 2017.

# 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 2017 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, 16 November 2017