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**U-RIGHT INTERNATIONAL HOLDINGS LIMITED**

**佑威國際控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00627)**

**ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014**

The board (the “Board”) of directors (the “Directors”) of U-RIGHT International Holdings Limited (the “Company”) announces that the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2014, together with the comparative figures for the corresponding year ended 31 March 2013 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31 March 2014*

	<i>Notes</i>	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Revenue</b>	4	<b>334,600</b>	392,644
Cost of sales		<b>(289,625)</b>	(349,448)
Gross profit		<b>44,975</b>	43,196
Other income	5	<b>487</b>	977
Selling and distribution costs		<b>(10,695)</b>	(9,273)
Administrative expenses		<b>(17,301)</b>	(16,921)
<b>Profit from operations</b>		<b>17,466</b>	17,979
Finance cost	7	<b>(909)</b>	(4,564)
Restructuring costs		<b>(19,831)</b>	–
Gain on debts discharged under the Scheme of Arrangement	8	<b>1,403,594</b>	–
Gain on disposal of a subsidiary	9	<b>148,182</b>	–
<b>Profit before tax</b>		<b>1,548,502</b>	13,415
Income tax expense	10	<b>(4,159)</b>	(4,095)
Profit for the year	11	<b>1,544,343</b>	9,320
<b>Other comprehensive income:</b> <i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		<b>608</b>	455
Total comprehensive income for the year		<b>1,544,951</b>	9,775
<b>Profit for the year attributable to:</b>			
Owners of the Company		<b>1,543,182</b>	8,333
Non-controlling interests		<b>1,161</b>	987
		<b>1,544,343</b>	9,320
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		<b>1,543,736</b>	8,696
Non-controlling interests		<b>1,215</b>	1,079
		<b>1,544,951</b>	9,775
<b>Earning per share attributable to owners of the Company</b>	12		
Basic (HK cents per share)		<b>204</b>	8
Diluted (HK cents per share)		<b>192</b>	8

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	<i>Notes</i>	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	<i>14</i>	<b>997</b>	1,207
Goodwill		<b>14,202</b>	14,202
		<b>15,199</b>	15,409
<b>Current assets</b>			
Inventories	<i>15</i>	<b>14,029</b>	13,004
Trade receivables	<i>16</i>	<b>54,649</b>	62,753
Prepayments, deposits and other receivables	<i>17</i>	<b>30,974</b>	20,236
Bank and cash balances		<b>79,215</b>	9,424
		<b>178,867</b>	105,417
<b>Current liabilities</b>			
Trade payables	<i>18</i>	<b>32,212</b>	32,411
Accruals and other payables		<b>4,082</b>	13,787
Due to deconsolidated subsidiaries	<i>19</i>	–	416,314
Due to the Investor	<i>20</i>	–	11,300
Financial guarantee liabilities	<i>21</i>	–	1,118,325
Convertible notes	<i>22</i>	–	78,367
Promissory note	<i>23</i>	–	19,091
Current tax liabilities		<b>10,443</b>	10,375
		<b>46,737</b>	1,699,970
<b>Net current assets/(liabilities)</b>		<b>132,130</b>	(1,594,553)
<b>NET ASSETS/(LIABILITIES)</b>		<b>147,329</b>	(1,579,144)
<b>Capital and reserves</b>			
Share capital	<i>24</i>	<b>13,217</b>	356,936
Reserves/(deficiency)		<b>129,591</b>	(1,939,386)
Equity/(deficiency) attributable to owners of the Company		<b>142,808</b>	(1,582,450)
Non-controlling interests		<b>4,521</b>	3,306
<b>TOTAL EQUITY/(DEFICIENCY)</b>		<b>147,329</b>	(1,579,144)

## NOTES TO THE FINANCIAL STATEMENTS

*For the year ended 31 March 2014*

### 1. GENERAL INFORMATION

U-RIGHT International Holdings Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business is 21/F., Bank of China Tower, 1 Garden Road, Central, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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

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

### 2. BASIS OF PREPARATION

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

At the request of the Company, trading in shares of the Company had been suspended since 17 September 2008.

On 6 October 2008, Deutsche Bank A.G., Hong Kong Branch (the “Petitioner”) presented petitions (the “Petitions” and each referred to as “Petition”) to the High Court (the “High Court”) of the Hong Kong Special Administrative Region (“Hong Kong”) for the winding up of each of the Company and Uni-Capital Limited (In Liquidation) (“Uni-Capital”), an indirectly wholly-owned subsidiary of the Company, as the Company and Uni-Capital could not meet demands made against the Company and Uni-Capital for the repayment of outstanding debts. Upon the application of the Petitioner, Messrs. LAI Kar Yan Derek and YEUNG Lui Ming of Deloitte Touche Tohmatsu were appointed jointly and severally as provisional liquidators of the Company (the “Provisional Liquidators”) and Uni-Capital pursuant to the orders both dated 6 October 2008 made by the High Court.

On 16 May 2009, the Provisional Liquidators, the Investor, the Company and an escrow agent, entered into an escrow agreement (as supplemented by the four supplementary agreements and hereinafter collectively referred as to the “Escrow Agreement”, unless otherwise specified) for the implementation of the restructuring proposal. Pursuant to the Escrow Agreement, the Provisional Liquidators granted the Investor an exclusive right for a period up to 30 June 2010 (as subsequently extends to 30 September 2013) to negotiate a legally binding restructuring agreement for the implementation of the restructuring proposal.

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

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 April 2013. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years except as stated below.

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

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

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

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

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

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

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

### 4. REVENUE

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

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

## 5. OTHER INCOME

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

## 6. OPERATING SEGMENT INFORMATION

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

### Geographical information:

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

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

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

## 7. FINANCE COST

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest expenses on borrowings wholly repayable within five years		
— convertible notes ( <i>Note 22</i> )	–	2,828
— promissory note ( <i>Note 23</i> )	909	1,736
	<u>909</u>	<u>4,564</u>

## 8. GAIN ON SCHEME OF ARRANGEMENT

On 18 September 2013, all the conditions under the scheme of arrangement between the creditors and the Company (the “Scheme” or the “Scheme of Arrangement”) had been fulfilled, the indebtedness of the Company was fully released and discharged by way of a combination of cash payment of approximately HK\$56,907,000 and issuance of 66,133,333 Company’s shares at HK\$0.15 per share.

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

## 9. GAIN ON DISPOSAL OF A SUBSIDIARY

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

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

## 10. INCOME TAX EXPENSE

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

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

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit before tax	1,548,502	13,415
Tax at the domestic income tax rate of 16.5% (2013: 16.5%)	231,053	2,214
Tax effect of (income that is not taxable)/expenses that are not deductible	(227,684)	968
Effect of different tax rates of subsidiaries operating in other jurisdictions	790	913
	<u>4,159</u>	<u>4,095</u>

## 11. PROFIT FOR THE YEAR

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Cost of sales	286,744	349,448
Depreciation	684	387
Impairment on inventories	1	77
Staff costs (including Directors’ remuneration):		
— salaries, bonuses and allowances	8,423	8,543
— retirement benefits scheme contributions	835	729
	9,258	9,272
Auditor’s remuneration	700	780
Net foreign exchange loss	58	4
Operating lease charges on land and buildings	2,053	1,645



## **12. EARNING PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY**

### **Basic earning per share**

The calculation of basic earning per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK\$1,543,182,000 (2013: HK\$8,333,000) and the weighted average number of ordinary shares of 755,977,681 (2013: 107,080,947) in issue during the year. The weighted average number of ordinary shares for the year ended 31 March 2014 and 2013 for the purpose of calculating the basic earnings per share has been adjusted and restated respectively resulting from the share consolidation, bonus issue and open offer of the Company (Note 24) during the current year.

### **Diluted earning per share**

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

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

## **13. DIVIDENDS**

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

## 14. PROPERTY, PLANT AND EQUIPMENT

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

## 15. INVENTORIES

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

## 16. 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>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
1-30 days	<b>25,358</b>	27,167
31-60 days	<b>1,492</b>	12,240
61-90 days	<b>24,747</b>	12,486
91-120 days	<b>2,172</b>	4,481
Over 120 days	<b>880</b>	6,379
Less: Impairments	–	–
	<b>54,649</b>	<b>62,753</b>

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

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

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

## 17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

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

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

## 18. TRADE PAYABLES

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

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

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

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

## 19. DUE TO DECONSOLIDATED SUBSIDIARIES

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

## 20. DUE TO THE INVESTOR

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

## 21. FINANCIAL GUARANTEE LIABILITIES

The Company has provided corporate guarantees for certain bank loans of its subsidiaries which had been deconsolidated from the consolidated financial statements of the Group since 1 April 2008. The Company was liable to financial guarantee liabilities of approximately HK\$1,118,325,000 immediately before completion of the Scheme of Arrangement (31 March 2013: approximately HK\$1,118,325,000). These liabilities of the Company had been discharged under the Scheme of Arrangement as detailed in note 8.

## 22. CONVERTIBLE NOTES

Pursuant to a subscription agreement dated 5 October 2006, the Company issued zero coupon convertible notes with principal value of HK\$60,000,000 on 19 October 2006 ("CN1"). The holders of CN1 are entitled to convert any part of the principal amount into new ordinary shares of the Company at a conversion price of HK\$0.288 each, subject to adjustments, at any time between the date of issue of CN1 and 19 October 2011. Any convertible notes not converted before 19 October 2011 will be redeemed at 137.69 per cent of its principal amount on 19 October 2011. During the year ended 31 March 2008, part of the CN1 with principal value of HK\$30,000,000 have been converted into ordinary shares of the Company.

Pursuant to a subscription agreement dated 23 October 2007, the Company issued convertible notes with principal value of HK\$24,000,000 on 15 November 2007 (“CN2”). The holders of CN2 are entitled to convert any part of the principal amount into new ordinary shares of the Company at a conversion price of HK\$0.341 each, subject to adjustments, at any time between the date of issue of CN2 and 15 November 2010. Any convertible notes not converted before 15 November 2010 will be redeemed at 135.00 per cent of its principal amount on 15 November 2010. CN2 bears interests at 6 months HIBOR plus 1% per annum payable semi-annually until their settlement date.

During the year ended 31 March 2009, an event of default occurred in respect of the convertible notes with liability component totaling approximately HK\$65,098,000 as at 31 March 2009 and such amounts have become repayable on demand. The liability component of convertible notes, together with the corresponding finance cost, was therefore reclassified as a current liability.

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

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

The convertible notes of approximately HK\$78,367,000 had been discharged as detailed in note 8.

### 23. PROMISSORY NOTE

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

	HK\$'000
At 31 March 2012	17,355
Effective interest charged to profit or loss ( <i>Note 7</i> )	<u>1,736</u>
At 31 March 2013	19,091
Effective interest charged to profit or loss ( <i>Note 7</i> )	909
Repayment	<u>(20,000)</u>
At 31 March 2014	<u><u>–</u></u>

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

## 24. SHARE CAPITAL

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

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

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

*Notes:*

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

### *Share Consolidation*

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

### *Capital reduction*

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

### *Share Subdivision*

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

(ii) Share subscription

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

(iii) Open offer

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

(iv) Issue of shares to creditors

Pursuant to the Scheme of Arrangement as detailed in note 8, 66,133,333 Company's shares were issued to the nominee of the scheme administrators of the Scheme of Arrangement. Accordingly, the Company's share capital was increased by approximately HK\$661,000 and its share premium account was increased by approximately HK\$9,259,000.

(v) Issue of bonus shares

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **GROUP RESTRUCTURING AND RESUMPTION OF TRADING OF SHARES**

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

### **BUSINESS REVIEW**

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

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

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

### **DIVIDEND**

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



## **FINANCIAL REVIEW**

### **Liquidity and Financial Resources**

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

### **Group Reorganization**

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

### **Scheme of Arrangement**

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

### **Foreign currency management**

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

### **Capital Commitment**

The Group had capital commitments, which are contracted but not provided for, in respect of the capital contribution to two subsidiaries amounting to approximately HK\$69,210,000 as at 31 March 2014 (31 March 2013: nil).

### **Pledged of Assets and Contingent Liabilities**

The Group had no significant pledge of assets nor contingent liabilities as at 31 March 2014 (31 March 2013: nil).

## **CAPITAL STRUCTURE**

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

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

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

## **MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENT**

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

## **EVENT AFTER REPORTING PERIOD**

On 26 May 2014, the Group has acquired 5 properties in the PRC with a total consideration of approximately HKD10.1 million for its own use as retail shops.

## **EMPLOYEES AND REMUNERATION POLICIES**

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

## **PROSPECTS**

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

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

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2014.

## **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 year ended 31 March 2014, all the existing non-executive Director and independent non- executive Directors are 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.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the full set of Model Code set out in Appendix 10 of the Listing Rules as the code of the conduct for securities transactions by directors (the "Model Code"). The prohibitions on securities dealing and disclosure requirements in the Model Code apply to specified individuals including the Group's senior management and also persons who are privy to price sensitive information of the Group. Having made specific enquiry of all Directors, the Board confirmed that Directors of the Company had complied with the Model Code regarding directors' securities transactions during the year and up to the date of this announcement.

## **AUDIT COMMITTEE**

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

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

## **EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

The Company's auditor has qualified the report on the Group's consolidated financial statements for the year ended 31 March 2014, an extract of which is as follows:

### **BASIS FOR QUALIFIED OPINION**

#### **1. Opening balances and corresponding figures**

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 March 2013 (the "2013 Financial Statements"), which form the basis for the corresponding figures presented in the current year's consolidated financial statements, was disclaimed because of the significance of the possible effect of the limitations on the scope of our audit and the material uncertainty in relation to going concern, details of which are set out in our audit report dated 14 June 2013. Accordingly, we were then unable to form an opinion as to whether the 2013 Financial Statements gave a true and fair view of the state of affairs of the Group as at 31 March 2013 and of the Group's results and cash flows for the year then ended.

#### **2. Deconsolidation of the subsidiaries**

Certain subsidiaries of the Company were deconsolidated from the Group since 1 April 2008. No sufficient evidence has been provided to satisfy ourselves as to whether the Company had lost control of the subsidiaries since 1 April 2008 and throughout the year ended 31 March 2013 and the period from 1 April 2013 to 18 September 2013, the date immediately before the group reorganisation being completed.

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

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

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

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

## **SCOPE OF WORK OF THE GROUP'S AUDITOR**

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2014 have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2014. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This results announcement is published on the Stock Exchange's website ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company's website ([www.uright.com.hk](http://www.uright.com.hk)). The annual report will be despatched to the shareholders and will be available on websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 25 June 2014

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. TANG Kwok Hung, Mr. NG Cheuk Fan, Keith and Ms. YEUNG Sau Han, Agnes, one non-executive Director, namely Mr. CHUNG Wai Man and three independent non-executive Directors, namely Mr. XIE Tom, Mr. MAK Ka Wing, Patrick and Mr. CHAN Chi Yuen.*

\* *For identification purposes only*