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 2017

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 2017, together with the comparative figures for the corresponding year ended 31 March 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2017

	Notes	**2017** **HK$'000**	2016 HK$'000
Continuing operations			
Revenue	*3*	**257,892**	231,261
Cost of sales		**(251,953)**	(224,718)
Gross profit		**5,939**	6,543
Other income	*4*	**810**	4,339
Selling and distribution costs		**(4,149)**	(4,183)
Administrative expenses		**(8,259)**	(13,051)
Loss before tax		**(5,659)**	(6,352)
Income tax expense	*6*	**(257)**	(478)
Loss for the year from continuing operations		**(5,916)**	(6,830)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	*8(b)*	**1,608**	(6,604)
Loss for the year	*7*	**(4,308)**	(13,434)
Other comprehensive (expense)/income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(5,629)**	(6,025)
Fair value changes of available-for-sale financial assets		**700**	(500)
Total comprehensive expense for the year		**(9,237)**	(19,959)

	Notes	**2017**	2016
		HK$'000	*HK$'000*
(Loss)/profit for the year attributable to:			
Owners of the Company			
Loss from continuing operations		**(5,916)**	(6,830)
Profit/(loss) from discontinued operations		**1,630**	(6,566)
		(4,286)	(13,396)
Non-controlling interests			
Loss from discontinued operations		**(22)**	(38)
		(4,308)	(13,434)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(8,976)**	(19,655)
Non-controlling interests		**(261)**	(304)
		(9,237)	(19,959)
(Loss)/earning per share attributable to owners of the Company	*9*		
From continuing and discontinued operations			
Basic (HK cents per share)		**(0.3)**	(1.0)
Diluted (HK cents per share)		**(0.3)**	(1.0)
From continuing operations			
Basic (HK cents per share)		**(0.4)**	(0.5)
Diluted (HK cents per share)		**(0.4)**	(0.5)
From discontinued operations			
Basic (HK cents per share)		**0.1**	(0.5)
Diluted (HK cents per share)		**0.1**	(0.5)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment	11	**2,325**	2,668
Investment properties	12	**7,759**	8,212
		10,084	10,880
Current assets			
Inventories	14	**37**	41
Trade receivables	15	**41,548**	35,354
Prepayments, deposits and other receivables	16	**1,266**	4,642
Bank and cash balances		**3,877**	3,668
		46,728	43,705
Disposal groups classified as held for sale	13	**105,112**	122,709
		151,840	166,414
Current liabilities			
Trade payables	17	**9,234**	1,112
Accruals and other payables		**6,856**	7,682
Current tax liabilities		**2**	83
		16,092	8,877
Liabilities directly associated with the disposal groups	13	**26,086**	39,434
		42,178	48,311
Net current assets		**109,662**	118,103
Total assets less current liabilities		**119,746**	128,983
NET ASSETS		**119,746**	128,983
Capital and reserves			
Share capital	18	**13,217**	13,217
Reserves		**102,448**	111,424
Equity attributable to owners of the Company		**115,665**	124,641
Non-controlling interests		**4,081**	4,342
TOTAL EQUITY		**119,746**	128,983

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	2017	2016
	HK$'000	*HK$'000*
Cash flows from operating activities		
(Loss)/profit before tax		
From continuing operations	**(5,659)**	(6,352)
From discontinued operations	**2,426**	(5,661)
Adjustments for:		
Depreciation	**359**	567
Interest income	**(16)**	(29)
Impairment on goodwill	**961**	9,364
Operating cash flows before working capital changes	**(1,929)**	(2,111)
Change in inventories	**2,440**	2,959
Change in trade receivables	**6,019**	(5,262)
Change in prepayments, deposits and other receivables	**2,679**	(6,018)
Change in trade payables	**(2,472)**	9,669
Change in accruals and other payables	**(2,341)**	7,298
Cash generated from operations	**4,396**	6,535
Tax paid	**(2,409)**	(1,234)
Interest received	**16**	29
Net cash generated from operating activities	**2,003**	5,330
Cash flows from investing activities		
Purchases of property, plant and equipment	**(71)**	(813)
Net cash used in investing activities	**(71)**	(813)
Net increase in cash and cash equivalents	**1,932**	4,517
Effect of foreign exchange rate changes	**(5,015)**	(5,373)
Cash and cash equivalents at beginning of year	**23,128**	23,984
Cash and cash equivalents at end of year	**20,045**	23,128
Analysis of cash and cash equivalents		
Bank and cash balances	**3,877**	3,668
Bank and cash balances included in disposal groups classified as held for sale	**16,168**	19,460
	20,045	23,128

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

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 Unit 2408, 24/F., World-wide House, 19 Des Voeux 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 principal activities of the Company and its Subsidiaries (the "Group") are trading and retailing of fashion garments, textiles and leathers, trading of construction materials and property investment.

In the opinion of the directors (the "Directors") of the Company, as at the 31 March 2017, Advance Lead International Limited, a company incorporated in the British Virgin Islands, is the ultimate holding company.

2. 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 2016. 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 Group's financial statements and amounts reported for the current year and prior years.

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

3. REVENUE

Revenue represents the invoiced value of goods sold, less value-added tax, goods returns and trade discounts and property rental income during the year are as follow:

	2017	2016
	HK$'000	*HK$'000*
Sales of goods	**432,375**	412,466
Property rental income	**269**	293
	432,644	412,759
Representing:		
— Continuing operations	**257,892**	231,261
— Discontinued operations *(note 8)*	**174,752**	181,498
	432,644	412,759

4. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Interest income	**16**	29
Reimbursement expenses from the vendor of the proposed acquisition	**–**	3,810
Net foreign exchange gain	**107**	348
Others	**754**	909
	877	5,096
Representing:		
— Continuing operations	**810**	4,339
— Discontinued operations *(note 8)*	**67**	757
	877	5,096

5. OPERATING SEGMENT INFORMATION

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

(a) 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 available-for-sale financial assets and bank and cash balances. Segment liabilities do not include certain accruals and other payables.

5. **OPERATING SEGMENT INFORMATION (continued)**

Information about reportable segment profit or loss, assets and liabilities are summarised as follow:

	Continuing operations			Discontinued operations	
	Construction materials *HK$'000*	**Property investment** *HK$'000*	**Sub-total** *HK$'000*	**Garment** *HK$'000*	**Total** *HK$'000*
Year ended 31 March 2017					
Revenue from external customers	**257,623**	**269**	**257,892**	**174,752**	**432,644**
Segment result	**704**	**53**	**757**	**3,483**	**4,240**
Interest income on bank deposits					**16**
Unallocated income					**861**
Unallocated expenses					**(7,389)**
Loss from operations					**(2,272)**
Impairment on goodwill				**(961)**	**(961)**
Loss before tax					**(3,233)**
Income tax expense					**(1,075)**
Loss for the year					**(4,308)**
Depreciation and amortisation	**288**	**–**	**288**	**71**	**359**
Additions to segment non-current assets	**71**	**–**	**71**	**–**	**71**
As at 31 March 2017					
Segment assets	**41,549**	**7,850**	**49,399**	**90,734**	**140,133**
Unallocated assets					**21,791**
					161,924
Segment liabilities	**(9,276)**	**(24)**	**(9,300)**	**(26,089)**	**(35,389)**
Unallocated liabilities					**(6,789)**
					(42,178)

5. OPERATING SEGMENT INFORMATION (continued)

	Continuing operations			Discontinued operations	
	Construction materials	Property investment	Sub-total	Garment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2016					
Revenue from external customers	230,968	293	231,261	181,498	412,759
Segment result	1,619	238	1,857	3,679	5,536
Interest income on bank deposits					29
Unallocated income					3,921
Unallocated expenses					(12,135)
Loss from operations					(2,649)
Impairment on goodwill				(9,364)	(9,364)
Loss before tax					(12,013)
Income tax expense					(1,421)
Loss for the year					(13,434)
Depreciation and amortisation	241	–	241	326	567
Additions to segment non-current assets	–	–	–	4	4
As at 31 March 2016					
Segment assets	35,354	8,347	43,701	103,989	147,690
Unallocated assets					29,604
					177,294
Segment liabilities	(1,968)	(17)	(1,985)	(39,581)	(41,566)
Unallocated liabilities					(6,745)
					(48,311)

5. **OPERATING SEGMENT INFORMATION (continued)**

(b) Geographical information:

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

	Revenue Year ended 31 March		**Non-current assets As at 31 March**	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations				
Hong Kong	**–**	–	**571**	692
Mainland China	**257,892**	231,261	**9,513**	10,188
Total	**257,892**	231,261	**10,084**	10,880

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

(c) Information about major customers

Revenue from customer of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	Year ended 31 March	
	2017	2016
	HK$'000	*HK$'000*
Construction materials segment		
Customer a	**36,152**	47,772
Customer b	**36,681**	37,724
Customer c	**11,866#**	29,931
Customer d	**27,860**	–
Customer e	**–**	25,754
Customer f	**33,296**	21,920#
	145,855	163,101

Revenue from this customer did not exceed 10% of total revenue in the respective years. This amounts was shown for comparative purpose.

6. INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax		
Provision for the year	**284**	319
Over-provision in prior years	**(20)**	(20)
Current tax — the PRC Enterprise Income Tax		
Provision for the year	**811**	1,122
	1,075	1,421
Representing:		
— Continuing operations	**257**	478
— Discontinued operations *(note 8)*	**818**	943
	1,075	1,421

Hong Kong profits tax is calculated at 16.5% (2016: 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 loss before tax multiplied by the Hong Kong profits tax rate is as follows:

	2017	2016
	HK$'000	*HK$'000*
Loss before tax	**(3,233)**	(12,013)
Tax at the domestic income tax rate of 16.5% (2016: 16.5%)	**(533)**	(1,982)
Tax effect of expenses that are not deductible	**863**	2,554
Effect of different tax rates of subsidiaries operating in other jurisdictions	**262**	301
Over-provision in prior years	**(20)**	(20)
Tax effect of tax losses not recognised	**503**	568
	1,075	1,421

7. LOSS FOR THE YEAR

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

	2017	2016
	HK$'000	*HK$'000*
Cost of sales	**418,087**	397,492
Depreciation	**359**	567
Staff costs (including Directors' remuneration):		
— salaries, bonuses and allowances	**5,033**	5,821
— retirement benefits scheme contributions	**349**	442
	5,382	6,263
Auditor's remuneration	**850**	850
Net foreign exchange gain	**(107)**	(348)
Operating lease charges on land and buildings	**2,527**	2,343

8. DISCONTINUED OPERATIONS

The Group's discontinued operations represented the trading and retailing of fashion garments, textiles and leather segment operated by UR Group Limited and its subsidiaries (the "UR Group") and Alfreda Limited and its subsidiaries (the "Alfreda Group").

(a) 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 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 consolidated statement of financial position.

8. DISCONTINUED OPERATIONS (continued)

(b) The profit/(loss) for the year from discontinued operations is analysed as follows:

	UR Group *HK$'000*	Alfreda Group *HK$'000*	Total *HK$'000*
2017			
Revenue *(note 3)*	**161,420**	**13,332**	**174,752**
Cost of sales	**(156,507)**	**(9,627)**	**(166,134)**
Gross profit	**4,913**	**3,705**	**8,618**
Other income *(note 4)*	**63**	**4**	**67**
Selling and distribution costs	**(1,844)**	**(865)**	**(2,709)**
Administrative expenses	**(1,114)**	**(1,475)**	**(2,589)**
Profit from operations	**2,018**	**1,369**	**3,387**
Impairment on goodwill	**–**	**(961)**	**(961)**
Profit before tax	**2,018**	**408**	**2,426**
Income tax expense *(note 6)*	**(406)**	**(412)**	**(818)**
Profit/(loss) for the year from discontinued operations	**1,612**	**(4)**	**1,608**
2016			
Revenue *(note 3)*	168,021	13,477	181,498
Cost of sales	(162,614)	(10,160)	(172,774)
Gross profit	5,407	3,317	8,724
Other income *(note 4)*	214	543	757
Selling and distribution costs	(1,875)	(754)	(2,629)
Administrative expenses	(1,160)	(1,989)	(3,149)
Profit from operations	2,586	1,117	3,703
Impairment on goodwill	–	(9,364)	(9,364)
Profit/(loss) before tax	2,586	(8,247)	(5,661)
Income tax expense *(note 6)*	(520)	(423)	(943)
Profit/(loss) for the year from discontinued operations	2,066	(8,670)	(6,604)

During the year, the UR Group and Alfreda Group received HK3,229,000 (2016: used HK$4,049,000) in respect of operating activities, paid HK$52,000 (2016: HK$4,000) in respect of investing activities and paid HK$3,500,000 (2016: nil) in respect of financing activities.

9. (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 year attributable to owners of the Company of approximately HK$4,286,000 (2016: HK$13,396,000) and the weighted average number of ordinary shares of 1,321,682,525 (2016: 1,321,682,525) in issue during the year.

Diluted earning per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the two years ended 31 March 2017 and 31 March 2016.

(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 year attributable to owners of the Company of approximately HK$5,916,000 (2016: HK$6,830,000) and the weighted average number of ordinary shares of 1,321,682,525 (2016: 1,321,682,525) in issue during the year.

Diluted earning per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the two years ended 31 March 2017 and 31 March 2016.

(c) From discontinued operations

Basic earning/(loss) per share

The calculation of basic earning/(loss) 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$1,630,000 (2016: loss for the year attributable to owners of the Company HK$6,566,000) and the weighted average number of ordinary shares of 1,321,682,525 (2016: 1,321,682,525) in issue during the year.

Diluted earning per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the two years ended 31 March 2017 and 31 March 2016.

10. DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the years ended 31 March 2017 and 31 March 2016.

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings *HK$'000*	Machinery *HK$'000*	Motor vehicle *HK$'000*	Leasehold improvement *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Total *HK$'000*
Cost:						
At 1 April 2015	2,173	70	435	1,403	674	4,755
Additions	–	–	–	534	279	813
Transferred to disposal groups classified as held for sale	–	(60)	(410)	(1,227)	(631)	(2,328)
Exchange differences	(124)	(10)	(25)	(81)	(33)	(273)
At 31 March 2016 and 1 April 2016	2,049	–	–	629	289	2,967
Additions	–	–	–	–	71	71
Disposals	–	–	–	–	(24)	(24)
Exchange differences	(113)	–	–	(4)	(1)	(118)
At 31 March 2017	1,936	–	–	625	335	2,896
Accumulated depreciation:						
At 1 April 2015	51	63	314	1,019	464	1,911
Charge for the year	100	13	79	266	109	567
Transferred to disposal groups classified as held for sale	–	(71)	(372)	(1,114)	(499)	(2,056)
Exchange differences	(5)	(5)	(21)	(63)	(29)	(123)
At 31 March 2016 and 1 April 2016	146	–	–	108	45	299
Charge for the year	94	–	–	125	69	288
Disposals	–	–	–	–	(4)	(4)
Exchange differences	(10)	–	–	(2)	–	(12)
At 31 March 2017	230	–	–	231	110	571
Carrying amount:						
At 31 March 2017	1,706	–	–	394	225	2,325
At 31 March 2016	1,903	–	–	521	244	2,668

12. INVESTMENT PROPERTIES

	2017	2016
	HK$'000	*HK$'000*
At beginning of year	**8,212**	8,711
Exchange differences	**(453)**	(499)
At 31 March	**7,759**	8,212

Investment properties were revalued at 31 March 2017 and 2016 on the basis of capitalization of net rental income derived from the existing tenancies with due allowance for reversionary income potential of the property (level 3) by DTZ Cushman & Wakefield Limited, an independent firm of chartered surveyors.

13. 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, have been classified as disposal groups classified as held for sale and are presented separately in the consolidated statement of financial position.

2017

	UR Group	**Alfreda Group**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment	75	90	165
Available-for-sale financial assets	3,750	–	3,750
Goodwill	–	11,205	11,205
Inventories	1,511	10,016	11,527
Trade receivables	39,962	1,626	41,588
Prepayments, deposits and other receivables	23,953	7,069	31,022
Current tax assets	15	–	15
Bank and cash balances	2,795	13,373	16,168
	72,061	43,379	115,440
Less: Impairment loss recognized	–	(10,328)	(10,328)
Total assets associated with the disposal groups	72,061	33,051	105,112
Trade and other payables, and total for liabilities associated with the disposal groups	(14,673)	(11,413)	(26,086)
Net assets of the disposal groups	57,388	21,638	79,026

At 31 March 2017, cumulative income or expense recognised in other comprehensive income relating to the disposal groups classified as held for sale amounted to a debit balance of HK$2,778,000.

2016

	UR Group	Alfreda Group	Total
	HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment	127	145	272
Available-for-sale financial assets	3,050	–	3,050
Goodwill	–	11,205	11,205
Inventories	1,496	12,467	13,963
Trade receivables	49,680	4,121	53,801
Prepayments, deposits and other receivables	22,843	7,482	30,325
Bank and cash balances	6,957	12,503	19,460
	84,153	47,923	132,076
Less: Impairment loss recognized	–	(9,367)	(9,367)
Total assets associated with the disposal groups	84,153	38,556	122,709
Trade and other payables, and total for liabilities associated with the disposal groups	(27,659)	(11,775)	(39,434)
Net assets of the disposal groups	56,494	26,781	83,275

At 31 March 2016, cumulative income or expense recognised in other comprehensive income relating to the disposal groups classified as held for sale amounted to a debdit balance of HK$659,000.

14. INVENTORIES

	2017	2016
	HK$'000	*HK$'000*
Merchandises	**37**	41

15. 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:

	2017	2016
	HK$'000	*HK$'000*
1–30 days	**41,548**	27,245
31–60 days	**–**	1,275
61–90 days	**–**	6,834
	41,548	35,354

At the end of the reporting period, there is no trade receivables which were past due but not impaired.

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Deposit	**1,158**	436
Prepayments	**96**	141
Other receivables	**12**	4,065
	1,266	4,642

17. TRADE PAYABLES

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

	2017	2016
	HK$'000	*HK$'000*
1–30 days	**9,234**	1,112

18. SHARE CAPITAL

	2017	2016
	HK$'000	*HK$'000*
Authorized:		
50,000,000,000 ordinary shares of HK$0.01 each	**500,000**	500,000
Issued and fully paid:		
1,321,682,525 ordinary shares of HK$0.01 each	**13,217**	13,217

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 March 2017 and 2016.

19. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 31 March 2017 and 31 March 2016.

20. COMMITMENTS

Lease commitments

As lessee

As at 31 March 2017, the total future minimum lease payments of the Group under noncancellable operating leases are payable as follows:

	2017	2016
	HK$'000	*HK$'000*
Future aggregate minimum lease payments under operating leases in respect of land and buildings		
— within one year	**1,821**	1,967
— in the second to fifth years inclusive	**3,386**	223
	5,207	2,190

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

As lessor

As at 31 March 2017, the Group had contracted with tenants for the following minimum lease payments:

	2017	2016
	HK$'000	*HK$'000*
Future aggregate minimum lease payments under operating leases in respect of land and buildings		
— within one year	**169**	330
— in the second to fifth years inclusive	**490**	866
	659	1,196

21. EVENTS AFTER THE REPORTING PERIOD

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the financial year ended 31 March 2017, the Group continued to engage in the operations with distinctive business lines, which being presented into two groups of operations: (1) trading of construction materials and property investment; (2) wholesale of garments and retail of fashion garments, textiles and leather; namely continuing operations and discontinued operations respectively.

On 14 April 2015, the Company and a vendor (the "Vendor") who is an independent third party of the Company and its connected persons entered into a sale and purchase agreement (as amended and supplemented by six supplemental agreements dated 27 October 2015, 23 February 2016, 28 July 2016, 28 October 2016, 26 January 2017 and 15 February 2017 respectively) (collectively 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 an adjusted total consideration of HK$1,511,313,200, which will be satisfied by the issue of new shares, 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(6)(a) of the Listing Rules. In addition, the Company will be treated as if it were a new listing applicant under Rule 14.54 of the Listing Rules. The Company filed (i) the first new listing application with the Stock Exchange on 13 November 2015; (ii) the second new listing application with the Stock Exchange on 12 August 2016 and (iii) the third new listing application with the Stock Exchange on 23 March 2017. Please refer to the Company's announcements, among others, on 27 October 2015, 13 November 2015, 12 August 2016, 15 February 2017 and 23 March 2017 for more details.

Pursuant to the SP Agreement and being one of the condition precedent to the completion of the transactions contemplated under the SP Agreement, on 27 October 2015, the Company (as the vendor) and Qiu Wenzhong, an independent third party, (the "UR Purchaser") entered into an agreement (as amended and supplemented by five supplemental agreements dated 23 February 2016, 29 July 2016, 28 October 2016, 26 January 2017 and 31 March 2017 respectively) (collectively 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 announcements, among others, on 27 October 2015, 13 November 2015, 12 August 2016, 23 March 2017 and 31 March 2017 for more details.

Pursuant to the SP Agreement and being one of the conditions precedent to the completion of the transactions contemplated under the SP Agreement, on 27 October 2015, the Company (as the vendor) and Ma Weihong, an independent third party, (the "Alfreda Purchaser") entered into an agreement (as amended and supplemented by five supplemental agreements dated 23 February 2016, 28 July 2016, 28 October 2016, 26 January 2017 and 31 March 2017 respectively) (collectively 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 an adjusted shareholder's loan in the sum of approximately HK$16.80 million owed by the Alfreda Limited and its subsidiaries to the Company for an adjusted total consideration of approximately HK$22.36 million. Please refer to the Company's announcements, among others, on 27 October 2015, 13 November 2015, 12 August 2016, 26 January 2017, 23 March 2017 and 31 March 2017 for more details.

During the year, China's economic growth has been continues undergoing a gradual slowdown, retail sector remained tough. For construction material, especially steel market experienced multiple rises and falls with an extended ranges of volatility in steel prices, and been affected by lingering pessimistic sentiments since 2015, buyers adopted a more cautious attitude and postponed their purchases. Globally, the economy remained challenging, rising geopolitical tensions has plagued the global economic development, imposed difficulties to the Company's garment business. The trying environment of the past two years impacted the performance of many companies with no exception. The Company has been taking very cautious step to manage the continuing and discontinued operations.

For the year ended 31 March 2017 ("the Year"), the Company recorded a turnover from the continuing operations of approximately HK$257.9 million (2016: approximately HK$231.3 million), and recorded loss before tax of approximately HK$5.66 million represented a slightly improved comparing to last year by 10.9% (2016: HK$6.3 million). Loss attributable to owners of the Company for the Year is approximately HK$5.9 million (2016: HK$6.8 million). Gross profit margin remained steady for the continuing operations of approximately 2.3% compared to 2016 2.8%, and benefits from, among others, the closure of the Third Party Notice litigation, and streamlined other operating expenditure, total of administrative expense for the continuing operations decreased to approximately HK$8.2 million (2016: HK$13.1 million). Basic loss per share from the continuing operations is HK cents 0.40 (2016: HK cents 0.5).

The Company recorded a turnover from the discontinued operations as a whole for the Year of approximately HK$174.8 million (2016: approximately HK$181.5 million), and recorded profit before goodwill impairment and tax of approximately HK$3.4 million marginally remained steady comparing to last year (2016: HK$3.7 million). Profit attributable to owners of the Company for the Year is approximately HK$1.6 million (2016: loss attributable to owners of the Company HK$6.6 million). The Gross profit margin of the discontinued operations slightly increased to 4.9% (2016: 4.8%). Basic earning per share from the discontinued operations is HK cents 0.1 (2016: basic loss per share HK cents 0.5).

And the total basic loss per share for the Year amounted to HK cents 0.3 (2016: HK cents 1) for the Group as a whole including the continuing operations and discontinued operations.

DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 March 2017 (2016: nil).

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 March 2017, the Group had total assets of approximately HK$161,924,000 including continuing and discontinued operations (2016: approximately HK$177,294,000), comprising bank and cash balances of approximately HK$20,045,000 (2016: approximately HK$23,128,000). The Group's current ratio, calculated as current assets of approximately HK$151,840,000 (2016: approximately HK$166,414,000) over current liabilities of approximately HK$42,178,000 (2016: approximately HK$48,311,000), increased to 3.60 as at 31 March 2017 (2016: 3.44).

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$49,236,000 as at 31 March 2017 (2016: approximately HK$52,109,000).

Pledge of Assets and Contingent Liabilities

The Group had no significant pledge of assets nor contingent liabilities as at 31 March 2017 and 31 March 2016.

CAPITAL STRUCTURE

At the both years ended 31 March 2017 and 31 March 2016, the Company comprise of 1,321,682,525 issued shares with par value of HK$0.01.

MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENT

Save as disclosed, in the section of "Business Review", the Group did not have any material acquisition, disposal or investment for the year ended 31 March 2017.

EMPLOYEES AND REMUNERATION POLICIES

At 31 March 2017, the Group had approximately 61 employees. For the year ended 31 March 2017, the total staff costs including the Directors' emolument was approximately HK$5,382,000 (2016: HK$6,263,000). 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

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. And the Board believes that the approach of optimizing the scope of business for the Group enhances the Company's value to shareholders.

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 years ended 31 March 2017 and 31 March 2016.

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 year ended 31 March 2017, all the existing 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 has reviewed with the management of the Company and the external auditor the annual results of the Group for the year ended 31 March 2017, 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.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2017 have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2017. 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) and the Company's website (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, 29 June 2017

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. TANG Kwok Hung and Mr. NG Cheuk Fan, Keith and three independent non-executive Directors, namely Mr. XIE Tom, Mr. MAK Ka Wing, Patrick and Mr. CHAN Chi Yuen.

* *For identification purposes only*