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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 2016

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 2016, together with the comparative figures for the corresponding year ended 31 March 2015 as follows:

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

For the year ended 31 March 2016

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
Continuing operations			
Revenue	3	231,261	190,616
Cost of sales		<u>(224,718)</u>	<u>(185,172)</u>
Gross profit		6,543	5,444
Other income	4	4,339	128
Selling and distribution costs		(4,183)	(2,178)
Administrative expenses		<u>(13,051)</u>	<u>(5,235)</u>
Loss before tax		(6,352)	(1,841)
Income tax expense	6	<u>(478)</u>	<u>(608)</u>
Loss for the year from continuing operations		(6,830)	(2,449)
Discontinued operations			
(Loss)/profit for the year from discontinued operations	8(b)	<u>(6,604)</u>	<u>3,895</u>
(Loss)/profit for the year	7	<u>(13,434)</u>	<u>1,446</u>
Other comprehensive (expense)/income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(6,025)	613
Fair value changes of available-for-sale financial assets		<u>(500)</u>	<u>(446)</u>
Total comprehensive (expense)/income for the year		<u><u>(19,959)</u></u>	<u><u>1,613</u></u>

	<i>Notes</i>	2016 HK\$'000	2015 <i>HK\$'000</i> (Restated)
(Loss)/profit for the year attributable to:			
Owners of the Company			
Loss from continuing operations		(6,830)	(2,449)
(Loss)/profit from discontinued operations		(6,566)	3,793
		(13,396)	1,344
Non-controlling interests			
(Loss)/profit from discontinued operations		(38)	102
		(13,434)	1,446
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		(19,655)	1,488
Non-controlling interests		(304)	125
		(19,959)	1,613
(Loss)/earning per share attributable to owners of the Company			
	9		
From continuing and discontinued operations			
Basic (HK cents per share)		(1.0)	0.1
Diluted (HK cents per share)		(1.0)	0.1
From continuing operations			
Basic (HK cents per share)		(0.5)	(0.2)
Diluted (HK cents per share)		(0.5)	(0.2)
From discontinued operations			
Basic (HK cents per share)		(0.5)	0.3
Diluted (HK cents per share)		(0.5)	0.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000
Non-current assets			
Property, plant and equipment	11	2,668	2,844
Investment properties	12	8,212	8,711
Available-for-sale financial assets	13	–	3,550
Goodwill	14	–	11,202
		<u>10,880</u>	<u>26,307</u>
Current assets			
Inventories	16	41	16,963
Trade receivables	17	35,354	83,893
Prepayments, deposits and other receivables	18	4,642	28,949
Bank and cash balances		3,668	23,984
		<u>43,705</u>	153,789
Disposal groups classified as held for sale	15	<u>122,709</u>	–
		<u>166,414</u>	153,789
Current liabilities			
Trade payables	19	1,112	15,060
Accruals and other payables		7,682	5,191
Current tax liabilities		83	10,903
		<u>8,877</u>	31,154
Liabilities directly associated with the disposal groups	15	<u>39,434</u>	–
		<u>48,311</u>	31,154
Net current assets		<u>118,103</u>	122,635
Total assets less current liabilities		<u>128,983</u>	148,942
NET ASSETS		<u>128,983</u>	148,942
Capital and reserves			
Share capital	20	13,217	13,217
Reserves		111,424	131,079
		<u>124,641</u>	144,296
Equity attributable to owners of the Company		124,641	144,296
Non-controlling interests		4,342	4,646
		<u>128,983</u>	148,942
TOTAL EQUITY		<u>128,983</u>	148,942

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

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, trading of construction materials and property investment.

In the opinion of the directors (the “Directors”) of the Company, as at the 31 March 2016, Advance Lead International Limited (the “Controlling Shareholder”), 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 2015. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); 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:

	2016	2015
	HK\$’000	HK\$’000
Sales of goods	412,466	502,417
Property rental income	293	192
	412,759	502,609
Representing:		
— Continuing operations	231,261	190,616
— Discontinued operations (<i>note 8</i>)	181,498	311,993
	412,759	502,609

4. OTHER INCOME

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest income	29	26
Reimbursement expenses from the vendor of the proposed acquisition	3,810	–
Fair value gain on investment properties	–	22
Net foreign exchange gain	348	188
Others	909	2
	<u>5,096</u>	<u>238</u>
Representing:		
— Continuing operations	4,339	128
— Discontinued operations (<i>note 8</i>)	757	110
	<u>5,096</u>	<u>238</u>

5. OPERATING SEGMENT INFORMATION

The Group has three reportable segments as follows:

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

5. OPERATING SEGMENT INFORMATION (continued)

	Continuing operations			Discontinued operations	Total HK\$'000
	Construction materials HK\$'000	Property investment HK\$'000	Sub-total HK\$'000	Garment HK\$'000	
Year ended 31 March 2015					
Revenue from external customers	<u>190,099</u>	<u>192</u>	<u>190,291</u>	<u>312,318</u>	<u>502,609</u>
Segment result	2,303	99	2,402	8,857	11,259
Interest income on bank deposits					26
Unallocated expenses					<u>(4,482)</u>
Profit from operations					6,803
Impairment on goodwill				(3,000)	<u>(3,000)</u>
Profit before tax					3,803
Income tax expense					<u>(2,357)</u>
Profit for the year					<u>1,446</u>
Depreciation and amortisation	5	–	5	684	689
Additions to segment non-current assets	<u>14</u>	<u>8,655</u>	<u>8,669</u>	<u>2,510</u>	<u>11,179</u>
As at 31 March 2015					
Segment assets	35,334	8,898	44,232	109,863	154,095
Unallocated assets					<u>26,001</u>
					<u>180,096</u>
Segment liabilities	(1,188)	(127)	(1,315)	(29,097)	(30,412)
Unallocated liabilities					<u>(742)</u>
					<u>(31,154)</u>

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		Non-current assets	
	Year ended 31 March		As at 31 March	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Hong Kong	–	–	692	3,550
Mainland China	231,261	190,616	10,188	25,757
Discontinued operations				
Hong Kong	–	–	3,050	–
Mainland China	92,206	97,129	11,473	–
The Philippines	–	18,305	–	–
Italy	–	1,938	–	–
United Arab Emirates	89,292	194,621	–	–
	<u>412,759</u>	<u>502,609</u>	<u>25,403</u>	<u>29,307</u>
Consolidated total				

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	
	2016	2015
	HK\$'000	HK\$'000
Garment segment		
Customer a	65,072	97,210
Construction materials segment		
Customer b	47,772	28,788 [#]
	<u>112,844</u>	<u>125,998</u>

[#] 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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current tax — Hong Kong Profits Tax		
Provision for the year	319	648
Over-provision in prior years	(20)	–
Current tax — the PRC Enterprise Income Tax		
Provision for the year	1,122	1,709
	1,421	2,357
Representing:		
— Continuing operations	478	608
— Discontinued operations (<i>note 8</i>)	943	1,749
	1,421	2,357

Hong Kong profits tax is calculated at 16.5% (2015: 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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit before tax	(12,013)	3,803
Tax at the domestic income tax rate of 16.5% (2015: 16.5%)	(1,982)	627
Tax effect of expenses that are not deductible	2,554	1,143
Effect of different tax rates of subsidiaries operating in other jurisdictions	301	587
Over-provision in prior years	(20)	–
Tax effect of tax losses not recognised	568	–
	1,421	2,357

7. PROFIT FOR THE YEAR

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Cost of sales	397,492	477,234
Depreciation	567	689
Staff costs (including Directors' remuneration):		
— salaries, bonuses and allowances	4,321	6,540
— retirement benefits scheme contributions	388	648
	4,709	7,188
Auditor's remuneration	850	750
Net foreign exchange gain	(348)	(188)
Operating lease charges on land and buildings	892	1,959

8. DISCONTINUED OPERATIONS

The Group's discontinued operations for the year ended 31 March 2016 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 disposals are expected to be completed within one year, the date on which the control of the UR Group and Alfreda Group will pass to the acquirers. 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 operation during the year ended 31 March 2016, and the UR Group and Alfreda Group were classified as disposal group held for sale on the consolidated statement of financial position.

8. DISCONTINUED OPERATIONS (continued)

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

	UR Group HK\$'000	Alfreda Group HK\$'000	Total HK\$'000
2016			
Revenue (<i>note 3</i>)	168,021	13,477	181,498
Cost of sales	<u>(162,614)</u>	<u>(10,160)</u>	<u>(172,774)</u>
Gross profit	5,407	3,317	8,724
Other income (<i>note 4</i>)	214	543	757
Selling and distribution costs	(1,875)	(754)	(2,629)
Administrative expenses	<u>(1,160)</u>	<u>(1,989)</u>	<u>(3,149)</u>
Profit from operations	2,586	1,117	3,703
Impairment on goodwill	<u>–</u>	<u>(9,364)</u>	<u>(9,364)</u>
Profit/(loss) before tax	2,586	(8,247)	(5,661)
Income tax expense (<i>note 6</i>)	<u>(520)</u>	<u>(423)</u>	<u>(943)</u>
Profit/(loss) for the year from discontinued operations	<u><u>2,066</u></u>	<u><u>(8,670)</u></u>	<u><u>(6,604)</u></u>
2015			
Revenue (<i>note 3</i>)	281,148	30,845	311,993
Cost of sales	<u>(271,531)</u>	<u>(20,531)</u>	<u>(292,062)</u>
Gross profit	9,617	10,314	19,931
Other income (<i>note 4</i>)	138	(28)	110
Selling and distribution costs	(2,162)	(2,997)	(5,159)
Administrative expenses	<u>(1,269)</u>	<u>(4,969)</u>	<u>(6,238)</u>
Profit from operations	6,324	2,320	8,644
Impairment on goodwill	<u>–</u>	<u>(3,000)</u>	<u>(3,000)</u>
Profit/(loss) before tax	6,324	(680)	5,644
Income tax expense (<i>note 6</i>)	<u>(1,259)</u>	<u>(490)</u>	<u>(1,749)</u>
Profit/(loss) for the year from discontinued operations	<u><u>5,065</u></u>	<u><u>(1,170)</u></u>	<u><u>3,895</u></u>

During the year, the UR Group and Alfreda Group received approximately HK\$4,049,000 (2015: used HK\$4,045,000) in respect of operating activities and paid approximately HK\$4,000 (2015: HK\$4,241,000) in respect of investing 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 (2015: profit) for the year attributable to owners of the Company of approximately HK\$13,396,000 (2015: HK\$1,344,000) and the weighted average number of ordinary shares of 1,321,682,525 (2015: 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 2016 and 31 March 2015.

(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\$6,830,000 (2015: HK\$2,449,000) and the weighted average number of ordinary shares of 1,321,682,525 (2015: 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 2016 and 31 March 2015.

(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 loss (2015: profit) for the year attributable to owners of the Company of approximately HK\$6,566,000 (2015: HK\$3,793,000) and the weighted average number of ordinary shares of 1,321,682,525 (2015: 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 2016 and 31 March 2015.

10. DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the years ended 31 March 2016 and 31 March 2015.

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings <i>HK\$'000</i>	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>
Cost:						
At 1 April 2014	–	70	433	1,122	585	2,210
Additions	2,164	–	–	274	86	2,524
Exchange differences	9	–	2	7	3	21
At 31 March 2015 and 1 April 2015	2,173	70	435	1,403	674	4,755
Additions	–	–	–	534	279	813
Transferred to disposal group classified as held for sale	–	(60)	(410)	(1,227)	(631)	(2,328)
Exchange differences	(124)	(4)	(25)	(81)	(39)	(273)
At 31 March 2016	2,049	6	–	629	283	2,967
Accumulated depreciation:						
At 1 April 2014	–	50	204	594	365	1,213
Charge for the year	51	13	109	419	97	689
Exchange differences	–	–	1	6	2	9
At 31 March 2015 and 1 April 2015	51	63	314	1,019	464	1,911
Charge for the year	100	13	79	266	109	567
Transferred to disposal group classified as held for sale	–	(71)	(372)	(1,114)	(499)	(2,056)
Exchange differences	(6)	(4)	(21)	(63)	(29)	(123)
At 31 March 2016	145	1	–	108	45	299
Carrying amount:						
At 31 March 2016	1,904	5	–	521	238	2,668
At 31 March 2015	2,122	7	121	384	210	2,844

12. INVESTMENT PROPERTIES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
At beginning of year	8,711	–
Additions	–	8,655
Fair value gains	–	22
Exchange differences	(499)	34
At 31 March	8,212	8,711

Investment properties were revalued at 31 March 2016 and 31 March 2015 on the open market value basis by reference to market evidence of recent transactions for similar properties (level 2) by DTZ Debenham Tie Leung Limited, an independent firm of chartered surveyors.

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Equity securities, at fair value		
Listed in Hong Kong	–	3,550

14. GOODWILL

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Cost		
At beginning of year	14,202	14,202
Transferred to disposal group classified as asset held for sale	(14,202)	
At 31 March	–	14,202
Accumulated impairment losses		
At beginning of year	3,000	–
Impairment loss recognised in the current year	9,364	3,000
Transferred to disposal group classified as asset held for sale	(12,364)	–
At 31 March	–	3,000
Carrying amount		
At 31 March	–	11,202

The Group acquired 100% equity interest of Sino Hill Group Limited (“Sino Hill”) on 1 October 2011. This transaction has been accounted for by the acquisition method of accounting.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (“CGUs”) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated to the Sino Hill cash generating unit.

On 27 October 2015, the Company entered into a sale and purchase agreements to dispose the entire equity interest in the Alfreda Limited, the shareholder of the Sino Hill. The recoverable amounts of the CGUs are determined from the consideration of the disposal of the Alfreda Group.

15. 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 consolidated financial position.

	UR Group <i>HK\$'000</i>	Alfreda Group <i>HK\$'000</i>	Total <i>HK\$'000</i>
Property, plant and equipment	127	145	272
Available-for-sale financial assets	3,050	–	3,050
Goodwill	–	14,202	14,202
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
	<u>84,153</u>	<u>50,920</u>	<u>135,073</u>
Less: Impairment loss recognised	–	(12,364)	(12,364)
	<u>84,153</u>	<u>38,556</u>	<u>122,709</u>
Total assets associated with the disposal group	84,153	38,556	122,709
Trade and other payables, and total for liabilities associated with the disposal groups	<u>(27,659)</u>	<u>(11,775)</u>	<u>(39,434)</u>
Net assets of the disposal groups	<u><u>56,494</u></u>	<u><u>26,781</u></u>	<u><u>83,275</u></u>

At 31 March 2016, 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\$3,748,000.

16. INVENTORIES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Merchandises	<u><u>41</u></u>	<u><u>16,963</u></u>

17. 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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
1–30 days	27,245	43,176
31–60 days	1,275	23,954
61–90 days	6,834	13,018
91–120 days	–	1,227
Over 120 days	–	2,518
Less: Impairments	–	–
	<u>35,354</u>	<u>83,893</u>

At the end of the reporting period, the trade receivables with the carrying amounts of approximately HK\$nil (2015: HK\$3,745,000) were past due but not impaired.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Deposit	436	5,200
Prepayments	141	269
Amounts due from non-controlling shareholders of a subsidiary (<i>note</i>)	–	18,936
Other receivables	4,065	4,544
	<u>4,642</u>	<u>28,949</u>

Note: The advance is unsecured, interest-free and has no fixed repayment terms

19. TRADE PAYABLES

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
1–30 days	1,112	1,222
31–60 days	–	10,583
61–90 days	–	1,109
91–120 days	–	1,016
Over 120 days	–	1,130
	<u>1,112</u>	<u>15,060</u>

20. SHARE CAPITAL

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Authorized: 50,000,000,000 ordinary shares of HK\$0.01 each	<u>500,000</u>	<u>500,000</u>
Issued and fully paid: 1,321,682,525 ordinary shares of HK\$0.01 each	<u>13,217</u>	<u>13,217</u>

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 2016 and 31 March 2015.

21. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 31 March 2016 and 31 March 2015.

22. COMMITMENTS

Lease commitments

As lessee

As at 31 March 2016, the total future minimum lease payments of the Group under noncancellable operating leases are payable as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Future aggregate minimum lease payments under operating leases in respect of land and buildings		
— within one year	1,967	72
— in the second to fifth years inclusive	223	32
	<u>2,190</u>	<u>104</u>

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 2016, the Group had contracted with tenants for the following minimum lease payments:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Future aggregate minimum lease payments under operating leases in respect of land and buildings		
— within one year	330	330
— in the second to fifth years inclusive	866	1,196
	<u>1,196</u>	<u>1,526</u>

23. 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

The Group's results for the year ended 31 March 2016 were mainly derived from the businesses of wholesale of garments and retail of fashion garments, textiles and leather, and the newly developed trading business of construction materials in recent two years.

During the reporting year, the global economy remained challenging and volatile, (1) insufficient global demand and shift of procurement activities away from China, which with most significant impact on the Group's garment trading business with the Middle East market; (2) China's economic growth has been undergoing a gradual slowdown in the past few years following consistent and rapid expansion for more than two decades; (3) severe competition in retail sector and consumer purchase habit has changed as the internet business irreversibly robust.

All abovementioned factors imposed more challenge to the Group existing wholesale and retail of garment business. In view of further enhance returns to the Shareholders, after successfully expanded business in trading of construction materials, the management of the Group had strategically taken further initiatives to expand the business of portfolio of the Group. The Company entered into a sales and purchase agreement and two disposal agreements during year:

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 two supplemental agreements dated 27 October 2015 and 23 February 2016 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 a total consideration of HK\$1,942,854,000, which will be satisfied by the issue of new shares, issue of convertible bonds, cash and/or promissory note. The Acquisition constitutes: (i) a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules and (ii) a reverse takeover for the Company under Rule 14.06(a) of the Listing Rules. In addition, the Company will be treated as if it were a new listing applicant under Rule 14.54 of the Listing Rules. The Company has filed the new listing application with the Stock Exchange on 13 November 2015. Please refer to the Company's announcements on 27 October 2015, 13 November 2015 and 23 February 2016 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 a supplemental agreement date 23 February 2016) (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 on 27 October 2015, 13 November 2015 and 23 February 2016 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 a supplemental agreement date 23 February 2016) (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 a shareholder’s loan in the sum of approximately HK\$20.30 million owed by the Alfreda Limited and its subsidiaries to the Company for a total consideration of approximately HK\$25.86 million. Please refer to the Company’s announcements on 27 October 2015, 13 November 2015 and 23 February 2016 for more details.

The management of the Group considered it is appropriated to separately report the results of the existing businesses into two categories according to the applicable financial reporting standard, namely “continuing operations” for the remaining business mainly for trading of construction materials, and “discontinued operations” for the business of wholesale of garments and retail of fashion garments, textiles and leather that under disposal, subsequent to the UR Disposal Agreement and Alfreda Disposal Agreement were entered into by the Company.

For the year ended 31 March 2016 (the “Year”), the Group recorded a turnover from the continuing operations of approximately HK\$231.3 million (31 March 2015 (restated): approximately HK\$190.6 million), and the Year of gross profit margin remained steady for the continuing operations of approximately 2.8% compared to last year (restated), selling and administrative expense also increased, among others the one-off professional legal cost for the Third Party Notice litigation proceeding incurred during Year, aggregately resulted loss for the Year from the continuing operations approximately HK\$6.8 million (31 March 2015 (restated): approximately HK\$2.4 million loss). Continuing operations loss attributable to the owners of the Company for the Year amounted to approximately HK\$6.8 million (31 March 2015 (restated): approximately HK\$2.4 million). Basic loss per share from the continuing operations increased from HK cents 0.2 for the last year ended 31 March 2015 to HK cents 0.5 for the Year.

With the critical reasons aforementioned, a significant decline of the turnover from the discontinued operations from HK\$312.0 million for the last year ended 31 March 2015 to HK\$181.5 million for the Year. And the gross profit margin also dropped from approximately 6.4% last year to approximately 4.8% for the Year. Among others, a substantial impairment of goodwill due to disposal agreements entered approximately HK\$9.4 million being recognised for the Year (31 March 2015: approximately HK\$3 million), resulting discontinued operations loss attributable to the owners of the Company for the Year amounted to approximately HK\$6.6 million (31 March 2015: attributable operations profit approximately HK\$3.9 million). Basic loss per share from the discontinued operation recorded HK cents 0.5 for the Year compared basic earning per share of HK cents 0.3 for the last year that ended 31 March 2015.

In light of the weakened market and the disposal decision of garment business, the Group has been under the transformation to the business of rapidly grown trading construction material and hence experienced the strategically transitional impact on the Group’s overall results for the Year that total basic loss per share recorded HK cents 1 compared to the total basic earning per share HK cents 0.1 last year that ended 31 March 2015.

DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 March 2016 (31 March 2015: nil).

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 March 2016, the Group had total assets of approximately HK\$177,294,000 including continuing and discontinued operations (31 March 2015: approximately HK\$180,096,000), comprising bank and cash balances of approximately HK\$23,128,000 (31 March 2015: approximately HK\$23,984,000). The Group's current ratio, calculated as current assets of approximately HK\$166,414,000 (31 March 2015: approximately HK\$153,789,000) over current liabilities of approximately HK\$48,311,000 (31 March 2015: approximately HK\$31,154,000), dropped to 3.44 as at 31 March 2016 (31 March 2015: 4.94).

Foreign currency management

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

Capital commitment

The Group had capital commitments, which are contracted but not provided for, in respect of the capital contribution to two subsidiaries amounting to approximately HK\$52,109,000 as at 31 March 2016 (31 March 2015: approximately HK\$55,287,000).

Pledge of Assets and Contingent Liabilities

The Group had no significant pledge of assets nor contingent liabilities as at 31 March 2016 and 31 March 2015.

CAPITAL STRUCTURE

At the both years ended 31 March 2016 and 31 March 2015, 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 2016.

EMPLOYEES AND REMUNERATION POLICIES

At 31 March 2016, the Group had approximately 70 employees. For the year ended 31 March 2016, the total staff costs including the Directors' emolument was approximately HK\$4,709,000 (31 March 2015: HK\$7,188,000). Remuneration of the employees is determined by reference to the market terms and commensurates with the level of pay for similar responsibilities within the industry. Discretionary year-end bonuses are payable to the employees based on individual performance. The Group provides benefits in accordance with the relevant laws and regulations including the Mandatory Provident Fund Scheme of Hong Kong.

PROSPECTS

The Board has continuously been exploring different investment opportunities. Through the acquisition, the Company can acquire the well-established businesses of the Target Company and its subsidiaries in the PRC. In light of the weak prospect of wholesaling and retailing of garment business presently carried on by the Group and the various challenges and uncertainties lied ahead in the retailing industry under the current global macro-economic environment, the Board believes that the acquisition and disposals allow the scope of business of the Group to be replaced and the quality assets proposed to be acquired are expected to enhance the Company's value to the Shareholders.

At the same time, the management of the Group has been continuing to explore business opportunities for additional value for 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 2016 and 31 March 2015.

CODE ON CORPORATE GOVERNANCE PRACTICES

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

Pursuant to A.4.1 of the Code, non-executive directors should be appointed for specific terms, subject to re-election. For the year ended 31 March 2016, 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 2016, 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 2016 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 2016. 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, 22 June 2016

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*