RONTEX INTERNATIONAL HOLDINGS LIMITED
朗 迪 國 際 控 股 有 限 公 司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1142)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2008

The board of directors (the "Board") of Rontex International Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2008, together with the comparative figures for the year ended 31 March 2007, as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2008
(Expressed in Hong Kong dollars)

	Note	**2008** **$'000**	2007 $'000
Turnover	*3*	**120,550**	166,429
Cost of sales		**(102,747)**	(140,060)
Gross profit		**17,803**	26,369
Other revenue and gains	*3*	**1,910**	801
Write-off of/impairment loss on trade receivables		**(411)**	(354)
Selling and distribution costs		**(7,938)**	(11,517)
Administrative and other expenses		**(20,616)**	(16,958)
Operating loss		**(9,252)**	(1,659)
Finance costs	*4*	**(2,085)**	(2,728)
Share of profits less losses of associates		**(670)**	(1,480)
Share of loss of a jointly-controlled entity		**(2,631)**	(2,439)
Tax penalties and surcharges	*6(iii)*	**—**	(3,759)
Impairment loss on goodwill		**—**	(19,458)
Loss before taxation	*5*	**(14,638)**	(31,523)
Income tax	*6(i)*	**140**	(7,831)
Loss for the year		**(14,498)**	(39,354)

* *For identification purpose only*

Attributable to:

Equity holders of the Company		**(12,821)**	(38,684)
Minority interests		**(1,677)**	(670)
		(14,498)	(39,354)
Dividend	*7*	**—**	—
Loss per share attributable to ordinary equity holders of the Company			
Basic (HK cents)	*8*	**0.644**	2.353
Diluted (HK cents)	*8*	**N/A**	N/A

CONSOLIDATED BALANCE SHEET

At 31 March 2008

(Expressed in Hong Kong dollars)

	Note	2008	2007
		$'000	$'000
ASSETS AND LIABILITIES			
Non-current assets			
Leasehold land and land use rights		**7,530**	12,646
Property, plant and equipment		**9,587**	12,146
Interests in associates		**14,670**	15,110
Interest in a jointly-controlled entity		**—**	2,631
Goodwill		**—**	—
Available-for-sale investments		**—**	1,573
Deposits and direct costs paid for acquisition of a subsidiary		**12,071**	—
		43,858	44,106
Current assets			
Property held for sale		**7,332**	—
Trading securities		**278**	—
Inventories	9	**2,645**	2,961
Trade receivables	10	**7,451**	14,401
Other receivables, deposits and prepayments		**467**	5,169
Amounts due from related parties		**—**	2,490
Cash and cash equivalents		**19,322**	5,426
		37,495	30,447
Current liabilities			
Interest-bearing bank borrowings, secured		**11,203**	16,064
Trade payables	11	**4,866**	4,213
Other payables, accrued expenses and deposits received		**12,795**	7,657
Current tax liabilities		**39**	3,833
Tax penalty and surcharge payables	6(iii)	**—**	2,939
Amounts due to directors		**4,277**	4,256
		33,180	38,962
Net current assets/(liabilities)		**4,315**	(8,515)
Net assets		**48,173**	35,591

EQUITY

Share capital	**20,475**	18,075
Reserves	**26,697**	15,028
Equity attributable to equity holders of the Company	**47,172**	33,103
Minority interests	**1,001**	2,488
Total equity	**48,173**	35,591

Notes:
(Expressed in Hong Kong dollars)

1. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for the current accounting period of the Group and the Company. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies.

The impact of the adoption of HKFRS 7 "Financial Instruments: Disclosures" and HKAS 1 Amendment "Capital Disclosures" has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments and management of capital.

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

		Effective for annual periods beginning on or after
HKAS 1 (Revised)	Presentation of financial statements	1 January 2009
HKAS 23 (Revised)	Borrowing costs	1 January 2009
HKAS 27 (Revised)	Consolidated and separate financial statements	1 July 2009
HKASs 32&1 (Amendments)	Puttable financial instruments and obligations arising in liquidation	1 January 2009
HKFRS 2 (Amendment)	Share-based payment-vesting conditions and cancellation	1 January 2009
HKFRS 3 (Revised)	Business combinations	1 July 2009
HKFRS 8	Operating segments	1 January 2009
HK(IFRIC) — Int 12	Service concession arrangements	1 January 2008
HK(IFRIC) — Int 13	Customer loyalty programmes	1 July 2008
HK(IFRIC) — Int 14	HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2008

The Group is in the process of making an assessment of what the impact of these new or revised standards or interpretations is expected to be in the period of their initial application.

2. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products they provide. Each of the Group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other business segments. The business segments of the Group are businesses of woven wear, knitwear, sweaters and premium products.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

(a) Business segments

The following tables present revenue, results and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2008 and 2007.

For the year ended 31 March 2008

	Woven wear	**Knitwear**	**Sweaters**	**Premium**	**Consolidated total**
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Segment revenue	44,823	27,294	39,221	9,212	120,550
Segment results	(480)	(200)	(3,381)	756	(3,305)
Unallocated corporate income					1,819
Unallocated corporate expenses					(7,766)
Finance costs					(2,085)
Share of profits less losses of associates					(670)
Share of loss of a jointly-controlled entity					(2,631)
Loss before taxation					(14,638)
Income tax					140
Loss for the year					(14,498)
Attributable to:					
Equity holders of the Company					(12,821)
Minority interests					(1,677)
					(14,498)

	Woven wear $'000	Knitwear $'000	Sweaters $'000	Premium $'000	Other $'000	Consolidated total $'000
Assets and liabilities:						
Segment assets	3,733	1,368	14,807	—	—	19,908
Unallocated assets	—	—	—	—	61,445	61,445
Total assets						81,353
Segment liabilities	424	179	12,246	—	—	12,849
Unallocated liabilities	—	—	—	—	20,331	20,331
Total liabilities						33,180
Other segment information:						
Depreciation	—	—	734	—	119	853
Amortisation	—	—	42	—	86	128
Impairment loss on inventories	89	66	1,507	—	—	1,662
Write-off of/impairment loss on trade receivables	85	316	10	—	—	411
Impairment loss on property, plant and equipment	—	—	697	—	—	697
Capital expenditure	—	—	21	—	315	336

For the year ended 31 March 2007

	Woven wear $'000	Knitwear $'000	Sweaters $'000	Premium $'000	Consolidated total $'000
Segment revenue	71,333	52,949	35,283	6,864	166,429
Segment results	1,236	452	(982)	1,039	1,745
Unallocated corporate expenses					(3,404)
Finance costs					(2,728)
Tax penalties and surcharges					(3,759)
Impairment loss on goodwill					(19,458)
Share of profits less losses of associates					(1,480)
Share of loss of a jointly-controlled entity					(2,439)
Loss before taxation					(31,523)
Income tax					(7,831)
Loss for the year					(39,354)
Attributable to:					
Equity holders of the Company					(38,684)
Minority interests					(670)
					(39,354)

	Woven wear $'000	Knitwear $'000	Sweaters $'000	Premium $'000	Other $'000	Consolidated total $'000
Assets and liabilities:						
Segment assets	10,065	2,421	15,779	25	—	28,290
Unallocated assets	—	—	—	—	46,263	46,263
Total assets						74,553
Segment liabilities	2,787	1,578	10,592	13	—	14,970
Unallocated liabilities	—	—	—	—	23,992	23,992
Total liabilities						38,962
Other segment information:						
Depreciation	—	575	675	—	202	1,452
Amortisation	—	—	162	—	86	248
Impairment loss on inventories	—	—	464	—	—	464
Impairment loss on trade receivables	—	—	70	—	284	354
Impairment loss on goodwill	—	—	—	—	19,458	19,458
Capital expenditure	—	6,996	892	—	54	7,942
Loss on disposal of property, plant and equipment	—	—	127	—	—	127

(b) Geographical segments

For the year ended 31 March 2008

	Chile $'000	People's Republic of China (the "PRC") $'000	Others $'000	Consolidated $'000
Segment revenue	68,579	25,820	26,151	120,550
Other segment information:				
Segment assets	4,947	23,961	—	28,908
Unallocated assets	—	—	52,445	52,445
Total assets				81,353
Capital expenditure	—	21	315	336

For the year ended 31 March 2007

	Chile	PRC	Others	Consolidated
	$'000	*$'000*	*$'000*	*$'000*
Segment revenue	93,322	24,492	48,615	166,429
Other segment information:				
Segment assets	7,035	14,588	—	21,623
Unallocated assets	—	—	52,930	52,930
Total assets				74,553
Capital expenditure	—	7,888	54	7,942

3. TURNOVER, OTHER REVENUE AND GAINS

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of the Group's turnover, other revenue and gains is as follows:

	2008	2007
	$'000	*$'000*
Turnover:		
Sale of goods	**120,550**	166,429
Other revenue and gains:		
Interest income	**265**	44
Sale of scrap inventories, net	**—**	470
Sundry income	**85**	269
Net exchange gains	**—**	18
Gain on disposal of available-for-sale investments (including transfer from equity on disposal)	**1,536**	—
Net realised and unrealised gains on trading securities	**24**	—
	1,910	801

4. FINANCE COSTS

	2008	2007
	$'000	*$'000*
Interest expenses:		
Bank loans and overdrafts wholly repayable within five years	**607**	654
Import and export loans wholly repayable within five years	**463**	551
Amount due to a related party	**—**	120
	1,070	1,325
Bank charges	**1,015**	1,403
	2,085	2,728

5. LOSS BEFORE TAXATION

	2008	2007
	$'000	*$'000*
Loss before taxation is arrived at after charging:—		
Employee benefit expenses (excluding directors' remuneration):—		
Wages and salaries	**7,397**	3,881
Pension fund contributions	**706**	158
Equity-settled share option expense	**3,805**	281
	11,908	4,320
Depreciation	**853**	1,452
Amortisation of leasehold land and land use rights	**128**	248
Equity-settled share option expense to directors	**761**	126
Equity-settled share option expense to consultants	**—**	393
Auditor's remuneration	**638**	680
Minimum lease payments in respect of premises under operating leases	**348**	346
Loss on disposal of property, plant and equipment	**—**	127
Impairment loss on property, plant and equipment	**697**	—
Net exchange losses	**21**	—
Cost of inventories	**100,388**	139,596
Impairment loss on inventories (included in cost of sales)	**1,662**	464

6. INCOME TAX

(i) Taxation in the consolidated income statement represents:

	2008	2007
	$'000	*$'000*
Current year provision for Hong Kong profits tax	**—**	474
(Over)/under-provision in prior years	**(140)**	7,357
	(140)	7,831

Provision for Hong Kong profits tax is calculated at 17.5% on the estimated assessable profits for the year ended 31 March 2007. In the current year, no provision has been made for Hong Kong profits tax as the group companies sustained losses during the year ended 31 March 2008. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

(ii) Taxation for the year can be reconciled to the accounting loss as follows:

For the year ended 31 March 2008

	Hong Kong	**PRC**	**Total**
	$'000	***$'000***	***$'000***
Loss before taxation	**(7,843)**	**(6,795)**	**(14,638)**
Tax calculated at the weighted average statutory tax rate	**(1,373)**	**(2,106)**	**(3,479)**
Tax effect of expenses not deductible for taxation purposes	**962**	**—**	**962**
Tax effect of income not taxable for taxation purposes	**(498)**	**—**	**(498)**
Profits and losses attributable to associates and a jointly-controlled entity	**—**	**953**	**953**
Over-provision in prior years	**(140)**	**—**	**(140)**
Tax effect of tax losses not recognised	**909**	**1,153**	**2,062**
Income tax for the year	**(140)**	**—**	**(140)**

(ii) Taxation for the year can be reconciled to the accounting loss as follows:

For the year ended 31 March 2007

	Hong Kong *$'000*	PRC *$'000*	Total *$'000*
Loss before taxation	(26,080)	(5,443)	(31,523)
Tax calculated at the statutory tax rate	(4,564)	(1,797)	(6,361)
Tax effect of expenses not deductible for taxation purposes	4,272	—	4,272
Tax effect of income not taxable for taxation purposes	(3)	—	(3)
Profits and losses attributable to associates and a jointly-controlled entity	—	1,337	1,337
Under-provision in prior years	7,357	—	7,357
Tax effect of tax losses not recognised	769	460	1,229
Income tax for the year	7,831	—	7,831

At 31 March 2008, the Group has unused tax losses of $27,800,000 (2007: $22,300,000) available for offset against future profits and temporary differences of $4,831,000 (2007: $4,831,000). No deferred tax asset has been recognised as at 31 March 2007 and 2008 in respect of such losses and temporary differences due to the unpredictability of future profit streams of the respective group entities.

(iii) Since December 2002, Rontex Holdings Limited ("RHL") and Ronco Trading Company Limited ("Ronco"), subsidiaries of the Company, had been queried by the Inland Revenue Department of the Hong Kong Special Administrative Region Government (the "IRD") in respect of sales and marketing support service expenses claimed by RHL and Ronco as deductible expenses in their profits tax computations. In prior years, the IRD raised queries with RHL and Ronco for the years of assessments 2000/2001, 2001/2002, 2002/2003 and 2003/2004.

During the year ended 31 March 2007, the IRD disallowed certain deduction of sales and marketing support services expenses of RHL and Ronco in their profits tax computations for the aforementioned years of assessment and raised additional taxes of $6,903,000 and $454,000 respectively. Moreover, tax penalties and surcharges of $3,559,000 and $200,000 were imposed by the IRD on RHL and Ronco respectively. The above amounts were agreed to be settled by instalments until fully settled in October 2007.

Pursuant to a deed of indemnity dated 25 October 2002 from Star Master International Limited, Cheung Keng Ching and Chou Mei, shareholders of the Company (collectively referred to as the "Indemnifiers"), who agreed to indemnify, on a joint and several basis, the Group against all additional taxation liabilities, penalties, surcharges and other relevant costs falling on any member of the Group in respect of any accounting periods ended on or before 31 March 2002, which amounted to $4,233,000. The indemnified amount of $4,233,000, obligated by the Indemnifiers, was accounted for as contributions from equity holders of the Company, and credited to capital reserve of the Group in prior year.

During the year ended 31 March 2007, the Indemnifiers had settled $1,743,000. Accordingly, as at 31 March 2007, the Group's remaining receivable from the Indemnifiers amounted to $2,490,000, which was unsecured, interest free and fully settled during the year. As at 31 March 2008, the tax penalty and surcharge payables had been fully settled by the Group to the IRD.

7. DIVIDEND

The board do not recommend the payment of any dividend for the year ended 31 March 2008 (2007: $Nil).

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share is based on the loss for the year attributable to the ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted loss per share is based on the loss for the year attributable to the ordinary equity holders of the Company, adjusted to reflect the issue of share options and warrants. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic loss per share are based on:

	2008	2007
	$'000	*$'000*
Loss		
Loss attributable to the ordinary equity holders of the Company, used in the basic loss per share calculation	**12,821**	38,684

	Number of shares	
	2008	2007
Shares		
Weighted average number of ordinary shares in issue during the year for the purpose of basic loss per share:		
Number of issued ordinary shares at beginning of the year	**1,807,497,200**	1,629,497,200
Effect of shares issued on exercise of share options and warrants during the year	**182,250,333**	14,711,233
Weighted average number of ordinary shares at end of the year	**1,989,747,533**	1,644,208,433

Diluted loss per share for the years ended 31 March 2008 and 2007 has not been disclosed, as share options and warrants outstanding during the years had an anti-dilutive effect on the basic loss per share for these years.

9. INVENTORIES

	2008	2007
	$'000	*$'000*
Raw materials	**1,034**	1,552
Work in progress	**2,422**	1,065
Finished goods	**1,315**	808
	4,771	3,425
Less: impairment loss for obsolete inventories	**(2,126)**	(464)
	2,645	2,961

During the year, the Group carried out its regular reviews on the carrying amounts of inventories with reference to aged inventories analysis, expected future consumption and management judgment. As a result, the carrying values of certain inventories were determined to decline below their estimated net realisable values. Based on this assessment, the carrying value of inventories was written down by approximately $1,662,000 (2007: $464,000) (included in "cost of sales").

10. TRADE RECEIVABLES

	2008	2007
	$'000	*$'000*
Accounts receivable	**7,528**	14,755
Less: allowance for doubtful debts	**(77)**	(354)
	7,451	14,401

(i) The Group allows an average credit term of 60 to 90 days (2007: 60 to 90 days) to its trade customers, except for certain well-established customers having strong financial strength, good repayment history and high creditworthiness, where the terms are extended beyond 90 days.

(ii) The movements in the allowance for doubtful debts during the year, including both specific and collective loss components, are as follows:

	2008	2007
	$'000	*$'000*
At beginning of year	**354**	692
Impairment loss recognised	**—**	354
Uncollectible amounts written off	**(284)**	(692)
Exchange realignments	**7**	—
At end of year	**77**	354

At 31 March 2008, the Group's trade receivables of approximately $77,000 (2007: $354,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that none of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of $77,000 (2007: $354,000) were recognised. The Group does not hold any collateral over these balances.

Except for the above, no allowance has been made for estimated irrecoverable amounts from the sale of goods.

(iii) The ageing analysis of the Group's trade receivables as at the balance sheet date, based on invoice date, is as follows:

	2008	2007
	$'000	*$'000*
Within 30 days	**707**	2,278
31 to 60 days	**1,884**	6,828
61 to 90 days	**2,923**	4,071
Over 90 days	**2,014**	1,578
	7,528	14,755
Less: allowance for doubtful debts	**(77)**	(354)
	7,451	14,401

(iv) The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	2008	2007
	$'000	*$'000*
Neither past due nor impaired	**5,514**	13,177
Past due and not impaired	**1,937**	1,224
	7,451	14,401

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

11. TRADE PAYABLES

The ageing analysis of trade payables of the Group at the balance sheet date, based on the invoice date, is as follows:

	2008	2007
	$'000	*$'000*
Within 30 days	**2,182**	1,161
31 to 60 days	**1,028**	1,358
61 to 90 days	**645**	427
Over 90 days	**1,011**	1,267
	4,866	4,213

The trade payables are interest free and normally settled on 90-day terms.

The Group considers that the carrying amount of the Group's trade payables approximates their fair value.

FINANCIAL REVIEW

For the year ended 31 March 2008, the Group recorded a turnover of approximately HK$120.6 million (2007: HK$166.4 million), representing a decrease of approximately 27.5% as compared to the last year. Intense competition in the garment industry has made the Group having to face a general trend of fall in the selling prices of garment products which reduced its turnover. The overall gross profit also fell by 32.5%.

The operating loss was approximately HK$9.3 million (2007: HK$1.7 million). The loss was mainly attributable to (i) the fall in turnover of garment products for reasons explained below (ii) the general falling trend in selling prices of garment products under keen competition (iii) the increase in cost of sales as a result of the appreciation in Renminbi (iv) the relatively low profit margin of our PRC joint venture as the production plant is facing higher cost of production in terms of raw materials, fuel and labor and (v) the increase in Hong Kong staff costs and other administrative expenses.

The Group recorded a loss attributable to shareholders of approximately HK$12.8 million (2007: HK$38.7 million). The improvement was mainly attributable to the fact that in prior year there was an under-provision of tax and related penalties of approximately HK$11.1 million and an impairment loss on goodwill of approximately HK$19.5 million which both were isolated events and did not recur again in the current year.

OPERATION REVIEW

Garment products

Garment products business has continued to be the major source of revenue of the Group. For the year ended 31 March 2008, garment products accounted for approximately 92.4% (2007: 95.9%) of the Group's turnover. Revenue derived from garment products decreased by approximately 30.2% to approximately HK$111.3 million. The decrease in turnover was mainly due to (i) the change in accounting treatment as a result of the change of status of Rontex Co. Ltd. from a subsidiary into a jointly-controlled entity since 1 October 2006. The turnover of Rontex Co. Ltd. was not incorporated in the Group's turnover since that date. (ii) the reduction of garment products' selling prices resulting from the keen competition of the market and (iii) the reduction of sales to a major customer who had opened its own office in the PRC. The loss attributable to garment products was recorded at approximately HK$4.1 million (2007: profit of HK$0.7 million). This was mainly due to low profit margin and unsatisfactory performance of the PRC joint venture. The appreciation of Renminbi and the introduction of new labor law in the PRC drove a general increase in cost of sales while the keen competition drove a fall in selling prices of garment products.

Premium products

For the year ended 31 March 2008, the revenue of premium products accounted for approximately 7.6% (2007:4.1%) of the turnover of the Group. The revenue and operating profit of premium products were approximately HK$9.2 million (2007: HK$6.9 million) and HK$0.8 million (2007: HK$1.0 million) respectively.

Geographical

Chile continues to be the Group's major market segment which accounted for approximately 56.9% (2007: 56.1%) of the total revenue. Other markets include various countries located in United Kingdom, Europe, North America, South America and Australia.

PROSPECTS

The global economic environment is optimistic which provides an opportunity for the Group to grow. During the year under review, the Group has progressively developed in markets of United Kingdom, Australia and Uruguay. The Group will try to build up a closely trading relationship with these newly explored markets and continue to explore other new markets.

The Board also noted the high operating costs in both Hong Kong and the PRC are eroding the Group's profit margin. The Group will continue to tighten its cost control measures so as to improve the efficiency in operation and minimise operating costs. The Group will also implement conservative strategies on new investments and assess the prospects of the existing investments in light of the current market environment.

During the period under review, the Group has achieved in diversification of business. In January 2008, the Group entered into an agreement to acquire 51% equity interest in DTV China Inc, and its subsidiary, EnReach Information Technology (Shanghai) Company Limited, is one of the chief services providers of digital television broadcasting industry in the PRC, including provision of equipments and software of cable VOD system, information broadcasting system, embedded television systems and value-added services. The transaction was subsequently completed in April 2008.

The Group believes that the acquisition provides a good opportunity for the Group to diversify its business, which will enable the Group to achieve profitability.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2008, the Group had net current assets of approximately HK$4.3 million (2007: net current liabilities of HK$8.5 million). The Group's current ratio, being a ratio of current assets to current liabilities, was approximately 113.0% (2007: 78.1%) and the Group's gearing ratio, being a ratio of total interest-bearing borrowings to total assets, was lowered to approximately 13.8% (2007: 21.5%).

The Group generally finances its operations with internally generated cash flow, facilities provided by its banks in Hong Kong and the PRC and the capital market in Hong Kong available for listed companies. During the year under review, the Group recorded a net cash inflow of approximately HK$15.3 million (2007: HK$0.4 million), which increased the total cash and cash equivalents to approximately HK$19.3 million as at the balance sheet date.

The Group will constantly review its financial resources and will consider various plans to enhance its financial capabilities. The Group believes that to broaden its shareholders base would provide a solid ground for the Group to grow. During the year under review, the Company has issued 391,000,000 unlisted warrants to independent investors which if fully exercised will raise approximately HK$82 million.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

The interest-bearing bank borrowings of the Group as at 31 March 2008 included bank loans of approximately HK$6.9 million (2007: HK$5.8 million), which were denominated in Renminbi. The Renminbi bank loans are at fixed interest rates ranging from 6.05% to 7.02% per annum. As the Group mainly operated in Hong Kong and the PRC with most of the transactions settled in Hong Kong dollars, Renminbi and United States dollars; the existing currency peg of Hong Kong dollars with United States dollars will likely to remain steady in the near future, the exposure to risk resulting from changes in foreign currency exchange rates should not be significant. However, the use of financial instruments for hedging purposes will be considered when necessary.

INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the year under review, the Group did not acquire or dispose of any material investments or subsidiaries.

CONTINGENT LIABILITIES

As at 31 March 2008, the Group had contingent liabilities arising from long service payments of approximately HK$0.2 million (2007: HK$0.2 million).

PLEDGE OF ASSETS

The Group's banking facilities are secured against the Group's land and buildings located in Hong Kong and the PRC with a total carrying value of approximately HK$17.1 million as at 31 March 2008 (2007: HK$21.3 million).

SHARE OPTION SCHEME

The Group has adopted share option scheme whereby Directors, employees and consultants of the Group may be granted options to subscribe for the shares of the Company.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2008, the Group had approximately 110 staff in Hong Kong and the PRC.

The Group's remuneration policy is reviewed periodically and determined largely based on industry practice, company performance, and individual qualifications and performance. Remuneration packages comprised salary, commissions and bonuses based on individual performance.

FUTURE PLANS FOR MATERIAL INVESTMENT

The Group acquired a 51% equity interest in DTV China Inc. on 25 April 2008 which is a digital television technology company with businesses including cable VOD system, information broadcasting system and embedded television system.

As set out in the Company's circular dated 31 March 2008 and the announcement dated 24 April 2008. The acquisition was satisfied with an aggregate consideration of HK$357 million, of which HK$20 million was satisfied in cash; HK$100 million by issuing promissory note; and HK$237 million was settled by the issue of 790 million ordinary shares of the Company at HK$0.30 per share. The HK$20 million of the consideration in cash was settled by internal resources of the Group.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company had not redeemed any of its shares during the year. Neither the Company, nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Following specific enquiry by the Company, all Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year under review.

AUDIT COMMITTEE

The audit committee of the Company reviewed and commented on the Company's annual results for the year ended 31 March 2008.

CORPORATE GOVERNANCE PRACTICES

During the year under review, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules, except the deviations from the Code as described below:

1. Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Cheung Keng Ching has combined the role of chairman and chief executive officer. The Board believes that as Mr. Cheung is the founder of the Group, vesting the roles of both chairman and chief executive officer of the Group in the same person provides the Group with strong and consistent leadership and is beneficial to the Group as he has in-depth understanding of the operation of the Group and considerable experience in the industry.

2. Under the code provision A4.1 of the Code, non-executive directors should be appointed for a specific term and subject to re-election. However, all of the independent non-executive directors ("INED") have not been appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance is no less exacting than those in the Code.

3. Pursuant to the Rule 3.10 and 3.21 of the Listing Rules, the Board and the Audit Committee must include at least one INED who must have appropriate professional qualifications or accounting or related financial management expertise. The Company was unable to comply with this rule during the period when Mr. Wan Ngar Yin, David resigned on 30 March 2007 until the appointment of Mr. Tam Tak Wah on 11 June 2007.

PUBLICATION OF THE AUDITED ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is required to be published on the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (http://www.hkex.com.hk) and the Company's website (http://www.ilinkfin.net/rontex/) respectively. The annual report of the Company for the year ended 31 March 2008 will be dispatched to the shareholders and will be available on websites of the Stock Exchange and the Company in due course.

By Order of the Board
Rontex International Holdings Limited
Cheung Keng Ching
Chairman

Hong Kong, 11 July 2008

As at the date of this announcement, the Board comprises Mr. Cheung Keng Ching, Ms. Chou Mei and Mr. Li Wing Sang as executive directors of the Company and Mr. Lo Siu Tong, Alfred, Mr. Tam Tak Wah and Ms. Wong Lai Wah, Ada as independent non-executive directors of the Company.