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# **RONTEX**

## **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)**

#### **PRICE-SENSITIVE INFORMATION AND RESUMPTION OF TRADING**

##### **PRICE-SENSITIVE INFORMATION**

The SFC has commenced proceedings in the High Court to seek disqualification order and compensation order against certain former Directors alleged to be in breach of their fiduciary duty and/or duty of care owed to the Company in entering into certain transactions during the period between late 2002 and late 2005 for and on behalf of the Company, and as a consequence the Company had suffered losses and damages. Further announcement will be made by the Company for the Proceedings as and required.

The Board has resolved to establish the CG Committee on 8 October 2008 to, inter alia, perform all the duties of the Board as well as to monitor and ensure the effectiveness of the existing internal control system of the Group. The CG Committee has been dissolved pursuant to an order of the Board on 13 November 2008.

In addition, the Special Review Committee has also been established on 8 October 2008 for the purpose of, inter alia, reviewing the existing internal control system of the Group, developing measures to enhance the corporate governance of the Group, and reviewing the transactions referred to in the Proceedings. The Company shall keep the Shareholders and the public informed of the findings of the Special Review Committee.

##### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 26 September 2008 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 26 November 2008.

*\* for identification purpose only*

## PRICE-SENSITIVE INFORMATION

The board (the “**Board**”) of the directors (the “**Directors**”) of Rontex International Holdings Limited (the “**Company**”) would like to announce that on 25 September 2008, The Securities and Futures Commission (“**SFC**”) issued a press release stating that SFC has commenced proceedings (the “**Proceedings**”) in the High Court to seek disqualification order and compensation order against Mr. Cheung Keng Ching (“**Mr. Cheung**”), the former chairman and a former executive Director, Ms. Chou Mei (“**Ms. Chou**”), a former executive Director, and Mr. Lau Ka Man Kevin (“**Mr. Lau**”), a former executive Director.

It is alleged by the SFC that Mr. Cheung, Ms. Chou and Mr. Lau have breached their fiduciary duty and/or duty of care owed to the Company in entering into certain transactions relating to certain investments and advancements to entity made for and on behalf of the Company during the period between late 2002 to late 2005, and as a consequence the Company had suffered losses and damages of approximately HK\$19,000,000. The SFC is seeking orders to the effect that Mr. Cheung, Ms. Chou and Mr. Lau be disqualified as company directors and to compensate the Company. More information regarding the matter can be viewed at the website of the SFC at <http://www.sfc.hk>.

The Directors confirm that the financial impacts on the Group in relation to the transactions under the Petition have already provided for and reflected in the previous financial results of the Group. The Directors also confirm that, to the best of their knowledge, information and belief having made all reasonable enquires, those relevant transactions shall have no further effect on the financial position of the Group.

In light of the fact that the Special Review Committee (as defined below) has been formed to review the transactions referred to in the Proceedings, the Directors consider it to be premature at this stage to form a view as to whether any legal actions should be initiated against the former Directors involved in the Proceedings. The Board will seriously consider the matter upon receipt of the findings of the Special Review Committee and the result of the Proceedings. The Board has appointed legal advisers to represent the Company in these Proceedings for the purpose of safeguarding the interests of the Company and the Shareholders as a whole in these Proceedings.

Whilst the Board considers that it is inappropriate at the present stage to form any view on the character, experience and integrity of the named individuals in the Proceedings when the named individuals have yet the opportunity to give an account of the matters as alleged by the SFC in the Proceedings, in light of the seriousness of the allegations made by the SFC, the Board has resolved to establish a Corporate Governance Committee (the “**CG Committee**”) on 8 October 2008 to, inter alia, perform all the duties of the Board as well as to monitor and ensure the effectiveness of the existing internal control system of the Group. The initial members of the CG Committee consist of all Directors except Mr. Cheung and Ms. Chou. Subsequent to the resignations of Mr. Cheung and Ms. Chou as executive Directors at their own accord on 12 November 2008 and as directors in all subsidiaries of the Company on or before 12 November 2008, the CG Committee has been dissolved pursuant to an order of the Board on 13 November 2008. As mentioned in the announcement of the Company dated 14 November 2008, Mr. Cheung shall remain as General Manager of two subsidiaries of the Company (the “**Relevant Subsidiaries**”) which are principally engaged in the trading of garments business.

In order to enhance the internal control over the day-to-day operation of the subsidiaries of the Company, certain administrative measures, including the appointment of additional directors in certain subsidiaries and the additional procedural requirements regarding the release of funds, have also been adopted by the Group. A director has been appointed on 31 October 2008 to oversee the daily operation of the Relevant Subsidiaries. Moreover, any payment requires to be made by the Group shall be approved by the director(s) of the Company or the subsidiaries and verified by the Financial Controller or head of finance department of the Company or

the subsidiaries based on the duly approved supporting documents (including but not limited to the relevant agreements and the minutes of the board of directors approving the transactions). Also, any payment or purchase order to be entered into by any of the subsidiaries which involves an amount in excess of a designated sum shall be endorsed by an executive Director. In addition, for any contracts to be entered into by the Relevant Subsidiaries other than those relating to the ordinary garment trading business, approval must be sought from the Board before proceeding. Contracts relating to the ordinary garment trading business shall only be signed by the director or the senior merchandiser of the Relevant Subsidiaries. Further, the cheque books and company chops and seals of the Relevant Subsidiaries are under the custody or control of the Financial Controller of the Group. In light of the above, the Company considers the aforementioned measures are sufficient to monitor the operation of the Group as well as to maintain a sufficient level of check and balance within the Group. Further measures may also be implemented upon receipt of the recommendations of the Special Review Committee (as defined below).

A special review committee (the “**Special Review Committee**”), comprising Mr. Chiu Chi Hong, an executive Director, Mr. Tam Tak Wah, an independent non-executive Director, and Mr. Yoshinori Suzuki, an independent non-executive Director, has been established on 8 October 2008 for the purpose of, inter alia, reviewing the existing internal control system of the Group, developing measures to enhance the corporate governance of the Group, and reviewing the transactions referred to in the Proceedings. Ms. Wong Lai Wah, Ada, an independent non-executive Director, was not included as a member of the Special Review Committee due to her prior engagements in other business.

A meeting of the Special Review Committee has been held on 17 October 2008, during which the Special Review Committee had reviewed the existing internal control system of the Group, including but not limited to the payment system and the accounting administrative system of the Group. After reviewing the existing system and having considered the additional administrative measures implemented by the Group, the members of the Special Review Committee are of the view that there are sufficient levels of check and balance for the system currently in place, and therefore consider that there is no material defect in the Group’s existing internal control system.

Professional parties (including legal advisors and independent firm of accountants) have been engaged to assist the Special Review Committee in its review and investigation. Shu Lun Pan Horwath Hong Kong CPA Limited has been engaged to conduct review on 30 October 2008 and it is expected that the review report will take approximately three months to complete. The Company shall keep the shareholders of the Company (the “**Shareholders**”) and the public informed of the findings of the Special Review Committee as well as the results of the review report prepared by Shu Lun Pan Horwath Hong Kong CPA Limited.

Save as disclosed herein, the Company is not in the position to comment further on the allegations made by the SFC. The Directors, including independent non-executive Directors, is of the view that the Proceedings pose no material operational impact on the Company and is currently not aware of any further developments that should be communicated to the Shareholders beyond those contained in this announcement. Further announcement will be made by the Company for the Proceedings as and required.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the shares of the Company (the “**Shares**”) was suspended with effect from 9:30 a.m. on 26 September 2008 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 26 November 2008.

By order of the Board  
**Rontex International Holdings Limited**  
**Li Wing Sang**  
*Deputy Chairman*

Hong Kong, 25 November 2008

*As at the date of this announcement, the Board comprises Mr. Chiu Chi Hong, Mr. Li Wing Sang and Mr. Lim Ho Sok as executive Directors, and Mr. Tam Tak Wah, Ms. Wong Lai Wah, Ada and Mr. Yoshinori Suzuki as independent non-executive Directors.*