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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2009

HIGHLIGHTS

– Profit from operating activities reached approximately HK$6.7 million as compared with a loss approximately HK$9.3 million

– Consolidated gross profit margin rose 12.24 percentage points to 27.01%

– Net profit after income tax was recorded as compared with an approximately HK$14.5 million loss in 2008

– Total assets has increased 3 times as compared with 2008 to approximately HK$255.9 million

– The acquisition of a Russia coal mine was completed as coal business is expected to be the core business of the Group in the future

– The Board does not recommend the payment of a final dividend

The board (the "**Board**") of directors (each a "**Director**") of Rontex International Holdings Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2009, together with the comparative figures for the year ended 31 March 2008, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	Notes	**2009**	2008
		HK$'000	*HK$'000*
Turnover	*4*	**115,531**	120,550
Cost of sales		**(84,326)**	(102,747)
Gross profit		**31,205**	17,803
Other income and gains	*4*	**15,248**	1,910
Allowance for doubtful trade receivables		**(1,304)**	(411)
Selling and distribution costs		**(16,149)**	(7,938)
Administrative and other expenses		**(22,333)**	(20,616)
Finance costs	*5*	**(6,417)**	(2,085)
Share of profits less losses of associates		**(773)**	(670)
Share of loss of a jointly-controlled entity		**–**	(2,631)
Loss before taxation	*6*	**(523)**	(14,638)
Income tax	*7*	**557**	140
Profit/(loss) for the year		**34**	(14,498)
Attributable to:			
Equity holders of the Company		**(2,432)**	(12,821)
Minority interests		**2,466**	(1,677)
		34	(14,498)
Dividend	*8*	**–**	–
Loss per share attributable to equity holders of the Company			
Basic (HK cents)	*9*	**0.10**	0.64
Diluted (HK cents)	*9*	**N/A**	N/A

CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**2,859**	9,587
Leasehold land and land use rights		**–**	7,530
Goodwill	*10*	**160,016**	–
Other intangible assets	*11*	**39,024**	–
Interest in a jointly-controlled entity		**–**	–
Interests in associates		**14,119**	14,670
Deposits paid and direct costs for acquisition of subsidiaries		**8,717**	12,071
		224,735	43,858
Current assets			
Property held for sale		**–**	7,332
Inventories		**341**	2,645
Trade receivables	*12*	**15,702**	7,451
Other receivables, deposits and prepayments		**4,722**	467
Amount due from a minority equity holder of a subsidiary		**463**	–
Amounts due from related parties		**2,241**	–
Trading securities		**587**	278
Cash and cash equivalents		**7,098**	19,322
		31,154	37,495
Current liabilities			
Interest-bearing bank borrowings, secured		**–**	11,203
Trade payables	*13*	**3,128**	4,866
Other payables, accrued expenses and trade deposits received		**16,240**	12,795
Balance of purchase consideration payable for acquisition of subsidiaries		**67,600**	–
Amount due to a former director of the Company		**1,289**	–
Amount due to a director		**5,496**	4,277
Tax payables		**820**	39
		94,573	33,180
Net current (liabilities)/assets		**(63,419)**	4,315
Total assets less current liabilities		**161,316**	48,173

	Notes	2009 HK$'000	2008 HK$'000
Non-current liabilities			
Promissory notes held by escrow agent	14	**5,320**	–
Deferred tax liabilities		**9,756**	–
		15,076	–
Net assets		**146,240**	48,173
EQUITY			
Share capital		**29,135**	20,475
Reserves		**95,536**	26,697
Equity attributable to equity holders of the Company		**124,671**	47,172
Minority interests		**21,569**	1,001
Total equity		**146,240**	48,173

Notes:
(Expressed in Hong Kong Dollars)

1. BASIS OF PREPARATION

The consolidated results set out in this announcement do not constitute the Group's statutory financial statements for the year ended 31 March 2009 but are extracted from those financial statements.

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of trading securities which are carried at fair value.

The financial statements have been prepared on a going concern basis notwithstanding the fact that the Group reported consolidated net current liabilities of HK$63,419,000 as at 31 March 2009 (2008: net current assets of HK$4,315,000). This condition may indicate the existence of material uncertainty which may cast significant doubts on the Group's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the above, the directors of the Company have considered the following situations and are satisfied that it is appropriate to prepare the Group's consolidated financial statements on a going concern basis:

(i) Included in the net current liabilities of the Group as at 31 March 2009 is a balance of purchase consideration payable for the acquisition of subsidiaries of HK$67,600,000 which is to be settled by shares held in an escrow agent. Such balance is to be settled by shares issued and released to the vendor by the escrow agent and therefore it will not lead to cash outflows of the Group.

(ii) Subsequent to the balance sheet date, the Company raised working capital of HK$12,480,000 in aggregate by way of issue of its new shares on exercise of certain warrants of the Company; and

(iii) Subsequent to the balance sheet date, the Company also entered into a loan facility agreement of up to US$70,000,000 for the development of a coal mine acquired from the acquisition of subsidiaries. The Company had utilised US$11,000,000 out of the facility up to the date of this announcement.

2. ADOPTION OF NEW AND REVISED 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. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies.

The adoption of HK(IFRIC) – Int 11 "HKFRS 2 – Group and treasury share transactions", HK(IFRIC) – Int 12 "Service concession arrangements", HK(IFRIC) – Int 14 "HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction" and HKAS 39 & HKFRS 7 Amendments "Reclassification of financial assets" has no impact on this announcement.

At the date of this announcement, the following Standards and Interpretations were in issue but not yet effective:

		Effective date
HKAS 1 (Revised)	Presentation of financial statements	(i)
HKAS 23 (Revised)	Borrowing costs	(i)
HKAS 32 & HKAS 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation	(i)
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate	(i)
HKFRS 8	Operating segments	(i)
HK(IFRIC) – Int 15	Agreements for the construction of real estates	(i)
HKFRS 2 (Amendment)	Vesting conditions and cancellations	(i)
HKFRS 7 (Amendment)	Improving disclosures about financial instruments	(i)
HKAS 27 (Revised)	Consolidated and separate financial statements	(ii)
HKAS 39 (Amendment)	Eligible hedged items	(ii)
HKFRS 1 (Revised)	First-time adoption of HKFRSs	(ii)
HKFRS 3 (Revised)	Business combinations	(ii)
HK(IFRIC) – Int 17	Distributions of non-cash assets to Owners	(ii)
HK(IFRIC) – Int 13	Customer loyalty programmes	(iii)
HK(IFRIC) – Int 16	Hedges of a net investment in a foreign operation	(iv)
HK (IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded derivatives	(v)
HK(IFRIC) – Int 18	Transfers of assets from customers	(vi)

		Effective date
2008 Improvements to HKFRSs that may result in accounting changes for presentation, recognition or measurement	– HKAS 1, HKAS 16, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 36, HKAS 38, HKAS 39, HKAS 40 & HKAS 41	(i)
	– HKFRS 5	(ii)
2009 Improvements to HKFRSs that may result in accounting changes for presentation, recognition or measurement	– HKAS 39 (80)	(i)
	– HKAS 38, HKFRS 2, HK(IFRIC) – Int 9, HK(IFRIC) – Int 16	(ii)
	– HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 39, HKFRS 5, HKFRS 8	(vii)

Effective date

(i) Annual periods beginning on or after 1 January 2009
(ii) Annual periods beginning on or after 1 July 2009
(iii) Annual periods beginning on or after 1 July 2008
(iv) Annual periods beginning on or after 1 October 2008
(v) Annual periods ending on or after 30 June 2009
(vi) Transfers of assets from customers received on or after 1 July 2009
(vii) Annual periods beginning on or after 1 January 2010

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.

3. 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 and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(i) Garment and premium segment engages in the manufacture and trading of garment and premium products.

(ii) Digital television technology services segment engages in the provision of digital television technology services, including sale of cable video-on demand systems, information broadcasting systems and embedded television systems.

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 assets, liabilities and expenditure information for the Group's business segments for the years ended 31 March 2009 and 2008.

For the year ended 31 March 2009

	Garment and premium *HK$'000*	**Digital television technology services** *HK$'000*	**Corporate and others** *HK$'000*	**Consolidated total** *HK$'000*
Segment revenue:				
Sales and services to external customers	**89,753**	**25,778**	**–**	**115,531**
Other gains	**3,271**	**276**	**11,551**	**15,098**
Segment results	**1,813**	**(2,294)**	**7,120**	**6,639**
Unallocated income				**150**
Unallocated expenses				**(122)**
Finance costs				**(6,417)**
Share of profits less losses of associates				**(773)**
Loss before taxation				**(523)**
Income tax				**557**
Profit for the year				**34**
Attributable to:				
Equity holders of the Company				**(2,432)**
Minority interests				**2,466**
				34

	Garment and premium *HK$'000*	**Digital television technology services** *HK$'000*	**Corporate and Other** *HK$'000*	**Consolidated total** *HK$'000*
Assets and liabilities:				
Segment assets	**25,182**	**220,448**	**9,717**	**255,347**
Unallocated assets				**542**
Total assets				**255,889**
Segment liabilities	**(9,679)**	**(87,912)**	**(11,231)**	**(108,822)**
Unallocated liabilities				**(827)**
Total liabilities				**(109,649)**
Other segment information:				
Depreciation	**415**	**221**	**19**	**655**
Amortisation of leasehold land and land use rights	**26**	**–**	**3**	**29**
Amortisation of other intangible assets	**–**	**2,908**	**–**	**2,908**
Impairment loss on inventories	**2,556**	**–**	**–**	**2,556**
Allowance for doubtful trade receivables	**906**	**398**	**–**	**1,304**
Capital expenditure	**55**	**2,792**	**–**	**2,847**

For the year ended 31 March 2008

	Garment and premium *HK$'000*	Consolidated total *HK$'000*
Segment revenue	120,550	120,550
Segment results	(3,305)	(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)

	Garment and premium *HK$'000*	Other *HK$'000*	Consolidated total *HK$'000*
Assets and liabilities:			
Segment assets	19,908	–	19,908
Unallocated assets	–	61,445	61,445
Total assets			81,353
Segment liabilities	12,849	–	12,849
Unallocated liabilities	–	20,331	20,331
Total liabilities			33,180
Other segment information:			
Depreciation	734	119	853
Amortisation of leasehold land and land use rights	42	86	128
Impairment loss on inventories	1,662	–	1,662
Allowance for doubtful trade receivables	411	–	411
Impairment loss on property plant and equipment	697	–	697
Capital expenditure	21	315	336

(b) Geographical segments

For the year ended 31 March 2009

	Chile	**PRC**	**Others**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenue	**63,906**	**26,012**	**25,613**	**115,531**
Other segment information:				
Segment assets	**4,817**	**234,850**	**9,717**	**249,384**
Unallocated assets				**6,505**
Total assets				**255,889**
Capital expenditure	**–**	**2,807**	**40**	**2,847**

For the year ended 31 March 2008

	Chile	PRC	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'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
Total assets				81,353
Capital expenditure	–	21	315	336

4. TURNOVER, OTHER INCOME AND GAINS

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and the net invoiced value of digital television technology services rendered during the year.

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

	2009 *HK$'000*	2008 *HK$'000*
Turnover:		
Sale of goods	**89,753**	120,550
Provision of digital television technology services	**25,778**	–
	115,531	120,550
Other income and gains:		
Interest income	**97**	265
Sundry income	**329**	85
Gains on disposal of property held for sale	**10,074**	–
Gains on disposal of property, plant and equipment and land use rights	**2,121**	–
Gains on disposal of a subsidiary	**2,581**	–
Gains on disposal of available-for-sale investments (including transfer from equity on disposal)	**–**	1,536
Net realised gains on trading securities	**46**	24
	15,248	1,910

5. FINANCE COSTS

	2009 *HK$'000*	2008 *HK$'000*
Interest expense:		
Bank loans and overdrafts wholly repayable within five years	**239**	607
Import and export loans wholly repayable within five years	**197**	463
Loan from a former director of the Company	**63**	–
Imputed interest on promissory notes *(Note 14)*	**5,125**	–
	5,624	1,070
Bank charges	**793**	1,015
	6,417	2,085

6. LOSS BEFORE TAXATION

	2009	2008
	HK$'000	*HK$'000*
Loss before taxation is arrived at after charging:–		
Employees benefit expenses (excluding directors' remuneration):–		
Wages and salaries	**6,206**	7,397
Pension fund contributions	**307**	706
Equity-settled share option expense	**–**	3,805
	6,513	11,908
Depreciation	**655**	853
Amortisation of leasehold land and land use rights	**29**	128
Amortisation of other intangible assets *(Note 11)**	**2,908**	–
Equity-settled share option expense to directors	**–**	761
Equity-settled share option expense to consultants	**1,661**	–
Auditors' remuneration	**600**	638
Minimum lease payments in respect of premises under operating leases	**2,691**	348
Loss on disposal of property, plant and equipment	**75**	–
Impairment loss on property, plant and equipment*	**–**	697
Unrealised loss on trading securities	**384**	–
Net exchange losses	**257**	21
Cost of inventories sold*	**78,105**	92,580
Impairment loss on inventories* (included in cost of sales)	**2,556**	1,662

* *Cost of sales disclosed on the face of the consolidated income statement represents cost of inventories sold; wages and salaries of HK$Nil (2008: HK$1,721,000) disclosed under employee benefit expenses above, depreciation charges and other expenses of HK$757,000 (2008: HK$6,087,000) and impairment loss on inventories of HK$2,556,000 (2008: HK$1,662,000), amortisation of other intangible assets of HK$2,908,000 (2008: HK$Nil) and impairment loss on property, plant and equipment of HK$Nil (2008: HK$697,000) as disclosed above.*

7. INCOME TAX

Taxation in the consolidated income statement represents:

	2009	2008
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**32**	–
Over-provision in prior years	**–**	(140)
Current – PRC		
Charge for the year	**138**	–
Deferred taxation	**(727)**	–
	(557)	(140)

Provision for Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the year ended 31 March 2009. In the prior year, no provision had 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.

On 16 March 2007, the PRC corporate income tax ("CIT") law (the "New CIT Law") was approved by the National People's Congress and became effective on 1 January 2008. The New CIT Law introduces a wide range of changes which include, but are not limited to, the unification of the CIT rate for domestic-invested and foreign-invested enterprises at 25% since 1 January 2008.

Tax holidays were also granted by the relevant authorities to a PRC subsidiary of the Group, where CIT is exempted for the first two profitable years of the subsidiary and is chargeable at half of the applicable rate for the subsequent three years.

8. DIVIDEND

The board of directors did not recommend the payment of any dividend for the year ended 31 March 2009 (2008: HK$Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share is based on the loss for the year attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the year. The number of shares held by escrow agent for settlement of acquisition consideration was eliminated against the corresponding number of shares issued in the calculation of the loss per share attributable to the equity holders of the Company.

The calculation of diluted loss per share amounts is based on the loss for the year attributable to the 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:

	2009	2008
	HK$'000	*HK$'000*
Loss		
Loss attributable to the equity holders of the Company	**2,432**	12,821

	Number of shares	
	2009	2008
Shares		
Weighted average number of ordinary shares in issue during the year	**2,434,054,625**	1,989,747,533

Diluted loss per share amounts for the years ended 31 March 2008 and 2009 have not been disclosed, as share options and warrants outstanding during the current and prior years had an anti-dilutive effect on the basic loss per share for the current and prior years.

10. GOODWILL

	2009	2008
	HK$'000	*HK$'000*
At beginning of year:		
Cost	**19,458**	19,458
Acquisition of subsidiaries *(Note 15)*	**205,041**	–
Adjustment to the cost of acquisition *(Note (i)) (Note 14(a))*	**(47,875)**	–
Accumulated impairment	**(19,458)**	(19,458)
Exchange realignments	**2,850**	–
Net carrying amount	**160,016**	–
Net carrying amount:		
At beginning of year	**–**	–
Acquisition of subsidiaries *(Note 15)*	**205,041**	–
Adjustment to the cost of acquisition *(Note 14(a))*	**(47,875)**	–
Exchange realignments	**2,850**	–
At end of year	**160,016**	–
At 31 March:		
Cost	**179,474**	19,458
Accumulated impairment	**(19,458)**	(19,458)
Net carrying amount	**160,016**	–

Note:

(i) According to the sale and purchase agreement of the acquisition of 51% equity interests in the DTV Group, DTV China Holdings Limited (the "Vendor") provided a profit guarantee to the Group that the actual audited consolidated net profits before tax and minority interests and any extraordinary or exceptional items (the "Actual Profit") of the DTV Group for the twelve months commencing from the completion date of the acquisition (i.e. 25 April 2008) would not be less than RMB70 million (the "Guaranteed Profit"). As the DTV Group's results for the year ended 24 April 2009 has been determined before the date of this report and is less than the Guaranteed Profit, the Group offset the promissory notes issued and held by escrow agent as partial consideration of the acquisition in the amount of HK$47,875,000 and the carrying value of goodwill has been adjusted for the same amount accordingly. Further details of the adjustment are set out in Note 14(a).

11. OTHER INTANGIBLE ASSETS

	Customer base *HK$'000*
Cost:	
At 1 April 2007 and 1 April 2008	–
Arising from acquisition of subsidiaries *(Note 15)*	41,237
Exchange realignments	748
At 31 March 2009	41,985
Accumulated amortisation:	
At 1 April 2007 and 1 April 2008	–
Charge for the year *(Note 6)*	2,908
Exchange realignments	53
At 31 March 2009	2,961
Net carrying value:	
At 31 March 2009	39,024
At 31 March 2008	–

The customer base purchased as part of a business combination during the year is initially recognised at their fair values on acquisition with reference to professional valuation performed by RHL Appraisal Limited.

12. TRADE RECEIVABLES

	The Group	
	2009 ***HK$'000***	2008 *HK$'000*
Trade receivables	**16,100**	7,528
Less: allowance for doubtful debts	**(398)**	(77)
	15,702	7,451

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

	The Group	
	2009	2008
	HK$'000	*HK$'000*
Within 30 days	**8,074**	707
30 to 60 days	**1,604**	1,884
61 to 90 days	**2,398**	2,923
Over 90 days	**4,024**	2,014
	16,100	7,528
Less: allowance for doubtful debts	**(398)**	(77)
	15,702	7,451

13. TRADE PAYABLES

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

	The Group	
	2009	2008
	HK$'000	*HK$'000*
Within 30 days	**1,370**	2,182
31 to 60 days	**387**	1,028
61 to 90 days	**88**	645
Over 90 days	**1,283**	1,011
	3,128	4,866

14. PROMISSORY NOTES HELD BY ESCROW AGENT

	Notes	*HK$'000*
At 1 April 2008		–
Issued during the year	*15*	68,070
Repaid during the year	*14(b)*	(20,000)
Interest charge	*5*	5,125
Adjustment to cost of acquisition	*14(a)*	(47,875)
At 31 March 2009 and included in non-current liabilities		5,320

On 25 April 2008, three promissory notes in the aggregate principal amount of HK$100,000,000 were issued by Century Power (China) Limited ("Century Power"), an indirect wholly-owned subsidiary of the Company, in connection with the acquisition of 51% equity interest in DTV China Inc. and its Subsidiaries (the "DTV Group").

(a) Pursuant to the sale and purchase agreement dated 29 January 2008 entered into by Century Power, the Vendor and the 100% equity owner of the Vendor (the "Agreement"), two promissory notes in the aggregate principal amount of HK$80,000,000 were issued by the Company as partial consideration upon the completion of the Group's acquisition of 51% equity interest in the DTV Group. The promissory notes are non-interest-bearing and are payable in one lump sum on maturity of five years. The fair value of the two promissory notes in the aggregate principal amount of HK$80,000,000 is HK$48,539,000, as at the issue date, based on the professional valuation performed by RHL Appraisal Limited. The effective interest rate of the promissory notes is determined to be 10.035% per annum. The promissory notes are classified as non-current liabilities and are carried on the amortised cost basis until extinguished on redemption. The principal amount of the two promissory notes are subject to the Guaranteed Profit (i.e. RMB70 million) from the Vendor, of which the Vendor had given warranty and guarantee to the Group that the Actual Profit will not be less than RMB70 million. If the Actual Profit is less than the Guaranteed Profit, the Vendor shall pay to the Group an amount calculated as follows:

    Shortfall amount = (Guaranteed Profit – Actual Profit) x 2 x 51%

    In such event, the shortfall would be compensated by off-setting the promissory notes held by the escrow agent. As the Actual Profit for the year from 25 April 2008 to 24 April 2009 has been determined before the date of this announcement and fell short of the Guaranteed Profit by HK$70,525,000, the principal amount of the promissory notes as at 31 March 2009 has been therefore reduced by HK$72,000,000 as calculated in accordance with the above terms of the Agreement. An adjustment of HK$47,875,000, after discounted with an appropriate effective interest rate, which was debited to the promissory notes and credited to goodwill in Note 10.

    As at 31 March 2009, these promissory notes are held by an escrow agent and are presented as "Promissory notes held by escrow agent" on the balance sheets of the Group and the Company as at 31 March 2009.

(b) Pursuant to the supplemental agreement dated 24 April 2008 entered into by Century Power and the Vendor, another promissory note in the principal amount of HK$20,000,000 was issued by Century Power as partial consideration for the acquisition of 51% equity interest in the DTV Group. The promissory note was non-interest-bearing and was repayable in one lump sum on 30 September 2008. The fair value of the promissory note in the principal amount of HK$20,000,000 was HK$19,531,000, as at the issue date, based on the professional valuation performed by RHL Appraisal Limited. The effective interest rate of the promissory note was determined to be 4.75% per annum. The promissory note was fully repaid in cash during the year ended 31 March 2009.

15. BUSINESS COMBINATION

On 25 April 2008, the Group acquired 51% equity interest in the DTV Group from the Vendor, an independent third party, at a total consideration of HK$253,510,000, of which HK$20,000,000 was satisfied in cash, HK$100,000,000 by way of issuing the promissory notes and HK$133,510,000 was satisfied by the issue of 790,000,000 ordinary shares of HK$0.01 each of the Company.

The DTV Group is engaged in provision of digital television technology services, including digital video-on-demand system, information broadcasting system and embedded television system.

Details of net assets acquired and goodwill are as follows:

	Notes	Acquirees' carrying amount before business combination	Fair value adjustments	Fair value as at the acquisition date
		HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment		86	–	86
Other intangible assets	*11*	–	41,237	41,237
Inventories		1,205	–	1,205
Trade receivables		4,429	–	4,429
Other receivables, deposits and prepayments		2,297	–	2,297
Amount due from a related party		27	–	27
Cash and cash equivalents		2,630	–	2,630
Trade payables		(986)	–	(986)
Amounts due to minority shareholders		(1,644)	–	(1,644)
Other payables, accrued expenses and deposits received		(2,067)	–	(2,067)
Tax payables		(415)	–	(415)
Deferred tax liabilities		–	(10,309)	(10,309)
Net assets acquired		5,562	30,928	36,490
Less: 49% of interest owned by minority shareholders				(17,880)
Fair value of net assets acquired				18,610
Goodwill arising from acquisition *(Note 10)*				205,041
Total consideration				223,651
Consideration satisfied by:				
Cash paid in the current year				10,000
Ordinary shares of the Company-at fair value				133,510
Promissory notes at fair value *(Note 14)*				68,070
Deposits and direct costs paid for acquisition of subsidiaries in the prior year				12,071
				223,651
Net cash outflow arising on acquisition:				
Consideration paid in cash				(10,000)
Cash and cash equivalent balances acquired				2,630
				(7,370)

Notes:

(i) The fair value of the 790,000,000 ordinary shares of the Company issued as part of the consideration was determined with reference to the market share price of HK$0.169 of the Company's shares at the completion date, at the total fair value of HK$133,510,000 of which HK$7,900,000 was credited to share capital and the remaining balance of HK$125,610,000 was credited to the share premium account, of which the 400,000,000 consideration shares are held by an escrow agent, valued at the date of completion of the acquisition of DTV Group, amounting to HK$67,600,000 and are presented as "Shares held by escrow agent for settlement of acquisition consideration" and deducted from total equity.

The acquisition was completed on 25 April 2008. During the year ended 31 March 2009, the subsidiaries generated revenue and net profit of HK$25,778,000 and HK$6,759,000, respectively. Since the acquisition date, the subsidiaries contributed HK$25,778,000 to the Group's revenue and HK$6,889,000 to the Group's consolidated profit for the period.

(ii) The consideration on acquisition is subject to adjustment of consideration in relation to the difference between the Guaranteed Profit and the Actual Profit.

FINANCIAL REVIEW

For the year ended 31 March 2009, the Group recorded a turnover of approximately HK$115.5 million (2008: HK$120.6 million), representing a decrease of approximately 4.16% as compared to the last year. The global financial crisis caused by the sub-prime crisis in USA has made the garment and premium business facing a difficult period, and the turnover reduced approximately 25.55%. The reduction in total turnover has been narrowed by the new source of income of the Group, digital television technology services business, which was acquired by the Group on 25 April 2008. The new business has a higher profit margin and the overall gross profit has increased by 75.28%.

The operating profit was approximately HK$6.7 million (2008: loss HK$9.3 million). The profit was mainly attributable to (i) the higher profit margin of the digital television technology services business (ii) the gain from the disposal of two properties of the Group during the period.

The Group recorded a loss attributed to shareholders of approximately HK$2.4 million (2008: HK$12.8 million). The improvement was mainly attributable to the fact that the net profit contributed by the digital television technology services business and the gain from the disposal of two properties of the Group.

OPERATION REVIEW

Digital Television Technology Services

The Group acquired 51% equity interests in DTVChina, Inc. and its subsidiaries, EnReach Information Technology (Shanghai) Company Limited ("**Enreach**") on 25 April 2008, so as to enter into the digital television broadcasting industry in the PRC. For the year ended 31 March 2009, EnReach accounted for approximately 22.31% (2008: nil) of the Group's turnover. Revenue derived from EnReach was approximately HK$25.8 million. The revenue generated from EnReach replenished the Group's revenue and the Group total revenue has slightly decreased 4.16%, notwithstanding the garment and premium products' revenue dropped 25.55%.

Garment and premium products

For the year ended 31 March 2009, garment and premium products accounted for approximately 77.69% (2008: 100%) of the Group's turnover. Revenue derived from garment products decreased by approximately 25.55% to approximately HK$89.8 million. The decrease in turnover was mainly due to (i) the reduction of garment product's selling prices resulting from the keen competition of the market; (ii) the unsatisfactory performance of the PRC joint venture which was disposed of during the year and (iii) the demand for garment products in the markets of South America, North America decreased dramatically due to the global financial recession resulting from the sub-prime crisis in USA.

Geographical

Chile continues to be the Group's major market segment which accounted for approximately 55.32% (2008: 56.9%) of the total revenue. Revenue generated from China increased to approximately 22.52% (2008: 21.42%).

PROSPECTS

During the period under review, the Group is seeking for investment opportunities to enhance the Group's profitability. With the increasing importance and global demand to energy and resources, the Group entered into an agreement in October 2008 to acquire 90% equity interest in Langfeld Enterprises Limited which holds 70% of its subsidiary, LLC "Shakhta Lapichevskaya" which owns a coal mine in Russia Federation. The transaction was subsequently completed on 25 May 2009.

The Group anticipates to start the preliminary infra-structure construction works in the coming year. It is anticipated that the coal mine will start to produce coal products in 2010. The Group is confident that this investment will bring significant returns in the future. This acquisition provides a good opportunity for the Group to diversify into businesses which is in the commercial interest of the Group and in turn allows the Group to better compete in the long run.

With the rapid economic growth and strong market demand in the PRC, it provides an opportunity for the Group to expand the digital television technology services business in order to increase the market share in digital television technology services industry in the PRC, and also to explore new business opportunities in the industry.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2009, the Group had net current liabilities of approximately HK$63.4 million (2008: net current assets HK$4.3 million). The Group's current ratio, being a ratio of current assets to current liabilities, was approximately 32.94% (2008: 113%) and the Group's gearing ratio, being a ratio of total interest-bearing borrowings to total assets, was lowered to 0% (2008: 13.8%). The net current liabilities of the Group was mainly arised from the balance of purchase consideration payable for the acquisition of subsidiaries with an amount of HK$67.6 million, which was a non-cash item and will be settled by releasing the consideration shares held by an escrow agent. Therefore, it will not lead to cash outflows of the Group. The Group had a cash inflow of approximately HK$12.48 million from an investor who exercised 156,000,000 unlisted warrants in May 2009.

The Group generally finances its operations with internally generated cash flow, facilities provided by the capital market in Hong Kong available for listed companies. During the year under review, the Group recorded a net cash outflow of approximately HK$12.3 million (2008: net cash inflow of approximately HK$15.4 million), which decrease the total cash and cash equivalents to approximately HK$7.1 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.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

The interest-bearing bank borrowings of the Group as at 31 March 2009 included no bank loans (2008: 6.9 million). 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 continue in the near future, the exposure to foreign exchange fluctuation is minimal. However, the use of financial instruments for hedging purposes will be considered when necessary.

INVESTMENTS, ACQUISITION AND DISPOSAL

On 27 October 2008, the Group entered into a sale and purchase agreement with an independent third party to dispose of the Group's entire 52% equity interests of Huzhou Ronco at a cash consideration of RMB770,000 (equivalent to HK$874,000) as set out in the Company's announcement dated 27 October 2008. The disposal of Huzhou Ronco was completed on 10 December 2008 and the cash consideration was fully received at the completion date of the disposal.

CONTINGENT LIABILITIES

As at 31 March 2009, the Group had contingent liabilities arising from long service payments of approximately HK$5,000 (2008: approximately HK$265,000).

LITIGATION

The Securities and Futures Commission has commenced proceedings in the High Court to seek a disqualification order and a compensation order against three former directors of the Group alleged to be in breach of their fiduciary duty and/or duty of care owed to the Group in entering into certain transactions during the period between late 2002 and late 2005 for and on behalf of the Group. The Company was named as the fourth respondent in the proceedings. The financial impacts on the Group in relation to these transactions have already provided for and reflected in the previous financial results of the Group. Those relevant transactions shall have no further effect on the financial position of the Group.

PLEDGE OF ASSETS

The Group has not pledged any of its assets for bank facilities as at 31 March 2009.

SHARE OPTION SCHEMES

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2009, the Group had approximately 60 staff in Hong Kong and the PRC.

The Group 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 90% equity interest in Langfeld Enterprises Limited on 25 May 2009 which holds 70% equity interest in a Russia subsidiary, LLC "Schakhta Lapichevskaya". The subsidiary owns a coal mine in Petrov region in the state of Kemerovo, Russia Federation.

As set out in the Company's circular dated 30 December 2008 and the announcements dated 14 November 2008 and 26 May 2009 respectively, the acquisition was satisfied by issuing US$253 million Convertibles Note.

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 the 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 2009.

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. During the year under review, Mr. Li Wing Sang ("Mr. Li") was appointed as the chief executive officer on 1 September 2008. On 12 November 2008, Mr. Cheung Keng Ching has resigned as the chairman and Mr. Li Wing Sang was appointed to act as deputy chairman, who combined the role of deputy chairman and chief executive officer. The Board believes that as Mr. Li vesting the roles of both deputy 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. Mr. Lim Ho Sok was appointed as the chairman on 16 June 2009 and the Company has complied with the Code A.2.1.

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.

PUBLICATION OF THE 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 2009 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
Lim Ho Sok
Chairman

Hong Kong, 29 June 2009

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 of the Company and, Mr. Liew Swee Yean, Mr. Tam Tak Wah, and Mr. Yoshinori Suzuki as independent non-executive directors of the Company.

* *For identification purpose only*