

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountants or other professional adviser.

Capitalized terms used herein shall have the same meanings as those defined in the section headed "Definitions" in this circular unless defined otherwise.

This circular is intended to be despatched to the Shareholders of Hontex International Holdings Company Limited (the "Company") whose names appear on the Company's register of members as at 4:30 p.m. on 20 June 2012 and the Shareholders who are eligible to attend and vote at the EGM and those shareholders whose Shares are held in the name of CCASS/HKSCC Nominees Limited and on whose behalf, CCASS/HKSCC Nominees Limited is eligible to attend and vote at the EGM. **If you are not a shareholder of the Company in any of the above categories or if you have sold or transferred all your Shares in the Company, you should at once hand this circular with the accompanying form of proxy to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee. The Repurchase Offer will be made to the Qualifying Shareholders only. The Repurchase Offer will not be made to any of the Excluded Shareholders or any transferees or assignees who acquired the Shares after the date of the Court Order unless they are the Qualifying Shareholders.** For the avoidance of doubt, the Qualifying Shareholders who have subsequently transferred/deposited their Shares with CCASS after the date of the Court Order will still be entitled to participate in the Repurchase Offer.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or a solicitation of an offer to sell or subscribe for securities of the Company.

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## Hontex International Holdings Company Limited 洪良國際控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 946)

### PROPOSED SHARES REPURCHASE OF UP TO 500,000,000 REPURCHASE SHARES FOR HK\$2.06 PER SHARE AND NOTICE OF EGM

A letter from the Board is set out on pages 7 to 21 of this circular.

A notice of the extraordinary general meeting (the "EGM") of the Company to be held at 9:00 a.m., on 20 August 2012 (Monday) at Grand Ballroom, 1/F., Harbour Grand Kowloon, 20 Tak Fung Street, Whampoa Garden, Hung Hom, Kowloon, Hong Kong is set out on pages 39 to 41 of this circular.

A form of proxy for use at the EGM is enclosed. If you are an Independent Shareholder, whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon. The proxy form must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time scheduled for holding the EGM (or any adjourned meeting(s) thereof). Completion and delivery of the form of proxy will not preclude the Independent Shareholders from attending and voting in person at the EGM or any adjournment if they so desire.

27 July 2012

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## DEFINITIONS

*In this circular, the following expressions shall have the meanings stated below unless the context otherwise requires:*

“acting in concert”	have the same meaning as ascribed to this term under the Takeovers Code
“Action”	the High Court Miscellaneous Proceedings No. 630 of 2010 commenced by the SFC against the Company and the Relevant Subsidiaries on 30 March 2010
“Administrators”	the joint and several administrators of the Company conditionally appointed under the Court Order, namely, Mr. Stephen Liu Yiu Keung, Mr. David Yen Ching Wai and Ms. Koo Chi Sum, all of Ernst & Young (Hong Kong), whose appointment shall be conditional upon the Independent Shareholders approving the Shares Repurchase by way of ordinary resolution at the EGM, and upon such approval, the Administrators shall be responsible for the administration of the proposed Shares Repurchase
“Agreed Facts”	the Statement of Agreed Facts jointly filed with the Court by the SFC, the Company, Easy Venture and First Heritage on 20 June 2012, full text of which is set out in Appendix I hereto
“Announcements”	the announcements of the Company dated 21 April 2010, 30 August 2010 and 28 June 2012, respectively, in relation to, amongst other things, the Action as well as the announcement of the Company dated 27 July 2012 in relation to, amongst other things, the despatch of this circular, the notice of the EGM and closure of the Company’s register of members
“Articles of Association”	the memorandum and articles of association of the Company
“associate(s)”	has the same meaning as ascribed to this term under the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

## DEFINITIONS

“Company”	Hontex International Holdings Company Limited (洪良國際控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code: 946)
“connected person(s)”	has the same meaning as ascribed to this term under the Listing Rules
“Court”	the Court of First Instance of Hong Kong
“Court Order”	the court order made by the Court on 20 June 2012 in respect of the Action, full text of which is set out in Appendix II hereto
“Directors”	the directors of the Company, including the independent non-executive directors
“Easy Venture”	Easy Venture International Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at 9:00 a.m. on 20 August 2012 (Monday) at Grand Ballroom, 1/F., Harbour Grand Kowloon, 20 Tak Fung Street, Whampoa Garden, Hunghom, Kowloon, Hong Kong, or any adjourned meeting(s) thereof, for, amongst other things, the Independent Shareholders to consider and, if thought fit, approve the proposed Shares Repurchase and the transactions and steps ancillary thereto
“Excluded Shareholders”	the “Controlling Shareholders” as defined in the Court Order, namely, More Will, Joyous King, Sunny Beauty, Speedy Grand, Forever Art, Head Pearl, Mr. Shao Ten-Po, Mr. Hsu Chieh-Jung, Mr. Tseng Chung-Cheng, Mr. Liao Chin-Yi and Ms. Hu Chin-Shu
“First Heritage”	First Heritage Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Forever Art”	Forever Art Holding Limited, a company incorporated under the laws of the BVI with limited liability and wholly-owned by Ms. Hu Chin-Shu, being a Shareholder holding approximately 1.56% shareholding in the Company as at the Latest Practicable Date

## DEFINITIONS

“Group”	the Company and its subsidiaries
“Head Pearl”	Head Pearl International Limited, a company incorporated under the laws of the BVI with limited liability and owned as to 53.53%, 26.43%, 11.44% and 8.60% by Mr. Shao Ten-Po, Mr. Hsu Chieh-Jung, Mr. Liao Chin-Yi and Mr. Tseng Chung-Cheng, respectively, holding approximately 42.89% shareholding in the Company and a substantial shareholder of the Company as at the Latest Practicable Date
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board established for the purpose of implementing the Shares Repurchase, members of which include all the independent non-executive Directors, namely, Mr. Lu Chien-An, Mr. Chang Chuan-Fang and Mr. Chen Fang-Kun
“Independent Shareholders”	Shareholders other than the Excluded Shareholders whose names appear on the Company’s register of members or whose Shares are held in the name of CCASS/HKSCC Nominess Limited as at 4:30 p.m. on the Record Date, who are eligible to attend and vote at the EGM, or for whom CCASS/HKSCC Nominees Limited is eligible to attend and vote at the EGM
“Injunction Order”	the injunction order made by the Court on 29 March 2010 in relation to the freezing of assets of up to HK\$997,400,000 in relation to the Company and the Relevant Subsidiaries in respect of the Action, which was later varied to allow the sum of HK\$832,244,497 held in the accounts of the Company, Easy Venture and First Heritage to be paid into Court pursuant to the Court Order

## DEFINITIONS

“Joyous King”	Joyous King Holdings Limited, a company incorporated under the laws of the BVI with limited liability and wholly-owned by Mr. Hsu Chieh-Jung, being a Shareholder holding approximately 8.07% shareholding in the Company as at the Latest Practicable Date
“Last Trading Day”	29 March 2010, being the last trading day prior to the suspension of trading in the Shares on the Stock Exchange
“Latest Practicable Date”	25 July 2012, being the latest practicable date prior to the printing of this circular for ascertaining information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“More Will”	More Will Investments Limited, a company incorporated under the laws of the BVI with limited liability and wholly-owned by Mr. Shao Ten-Po, holding approximately 16.35% shareholding in the Company and a substantial shareholder of the Company as at the Latest Practicable Date
“Offer Price”	HK\$2.06, being the offer price per Repurchase Share under the Shares Repurchase
“Option(s)”	any outstanding options to subscribe for Shares granted by the Company pursuant to the Share Option Scheme
“Overseas Qualifying Shareholders”	the Qualifying Shareholders with registered addresses situated in jurisdictions other than in Hong Kong according to the Company’s register of members
“PRC”	The People’s Republic of China which, for the purpose of this circular, excludes Hong Kong and the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus dated 14 December 2009 issued by the Company in connection with its initial public offering of 500,000,000 Shares

## DEFINITIONS

“Prosper Advance”	Prosper Advance International Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Protocol”	a protocol to be devised by the SFC and the Administrators after passing of the relevant ordinary resolution(s) approving the Shares Repurchase at the EGM, details of which is set out in paragraph 3.8(iv) of the Court Order
“Qualifying Shareholder(s)”	the “Public Shareholders” as defined in the Court Order, being the Shareholders other than the Excluded Shareholders, whose names appear on the register of members of the Company or whose Shares are held in the name of CCASS/HKSCC Nominees Limited as at 4:30 p.m. on 20 June 2012 and who still so hold the Repurchase Shares at the date of the Repurchase Offer
“Record Date”	17 August 2012 (Friday), being the record date for the Company to ascertain the identities of Shareholders who are eligible to attend and vote at the EGM
“Relevant Subsidiaries”	Easy Venture, First Heritage, Prosper Advance, Star Guide
“Repurchase Code”	Hong Kong Code on Share Repurchases
“Repurchase Offer”	the conditional offer to be made to the Qualifying Shareholders for repurchase of the Repurchase Shares at the Offer Price each, subject to, amongst other things, the approval of the proposed Shares Repurchase by the Independent Shareholders by way of ordinary resolution at the EGM
“Repurchase Share(s)”	the Share(s) to be repurchased by the Company other than those held by the Excluded Shareholders on the date of the Court Order pursuant to the Shares Repurchase
“SFC”	The Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
“Share Option Scheme”	the share option scheme adopted by the Company on 27 November 2009

## DEFINITIONS

“Share(s)”	ordinary share(s) of a nominal value of HK\$0.10 each in the share capital of the Company, all of which are listed on the Stock Exchange
“Shareholder(s)”	registered holder(s) of the Shares
“Shares Repurchase”	the proposed repurchase of the Repurchase Shares (i.e. up to 500,000,000 Shares or 25% of the issued share capital of the Company in maximum as at the Latest Practicable Date) at the Offer Price per Repurchase Share by the Company to the Qualifying Shareholders
“Speedy Grand”	Speedy Grand Limited, a company incorporated under the laws of the BVI with limited liability and wholly-owned by Mr. Liao Chin-Yi, being a Shareholder holding approximately 3.50% shareholding in the Company as at the Latest Practicable Date
“Star Guide”	Star Guide Investments Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning as ascribed to this term under the Listing Rules
“Sunny Beauty”	Sunny Beauty Limited, a company incorporated under the laws of the BVI with limited liability and wholly-owned by Mr. Tseng Chung-Cheng, being a Shareholder holding approximately 2.63% shareholding in the Company as at the Latest Practicable Date
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“%”	per cent.





**Hontex International Holdings Company Limited**  
**洪良國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 946)**

*Chairman and executive Director:*

Mr. Shao-Ten Po

*Executive Directors:*

Mr. Tseng Chung-Cheng

Mr. Liao Chin-Yi

Ms. Liao Min-Chiang

*Non-executive Director:*

Ms. Wang Shih-Ting

*Independent non-executive Directors:*

Mr. Lu Chien-An

Mr. Chang Chuan-Fang

Mr. Chen Fang-Kun

*Registered office in Cayman Islands:*

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Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Headquarters and principal*

*place of business in the PRC:*

Hongkuan Industrial Village

Yangxia Town

Fuqing Fujian

PRC

*Principal place of business in Hong Kong:*

Units 07-08

9/F., Metro Centre 1

32 Lam Hing Street

Kowloon Bay, Kowloon

Hong Kong

27 July 2012

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED SHARES REPURCHASE OF  
UP TO 500,000,000 REPURCHASE SHARES  
FOR HK\$2.06 PER SHARE**

**AND**

**NOTICE OF EGM**

**BACKGROUND**

Reference is made to the Announcements.

On 29 March 2010, the SFC obtained the Injunction Order to freeze assets of up to HK\$997,400,000 in relation to the Company and the Relevant Subsidiaries.

## LETTER FROM THE BOARD

On 30 March 2010, the SFC commenced the Action against the Company and the Relevant Subsidiaries alleging, amongst other things, that the Prospectus contained materially false or misleading information. The SFC also sought an order that the funds raised by the Company in its initial public offering be used to repurchase the Company's Shares from those investors who subscribed for the Shares and those investors who have purchased the Shares since the Company's initial public offering. At the request of the SFC, trading in the Shares was suspended at 9:30 a.m. on 30 March 2010. As at the Latest Practicable Date, trading in the Shares remains suspended until further notice.

On 20 June 2012, for the purpose of settlement of the Action, the SFC, the Company, Easy Venture and First Heritage filed the Agreed Facts with the Court in which the Company accepted and acknowledged that the Prospectus contained certain information which is materially false or misleading as to material facts; or false or misleading through omission of material facts. Upon reading the Agreed Facts, the Court made the Court Order, pursuant to which the Company was required to, amongst other things, (i) pay the sum of HK\$832,244,497 into Court within 28 days from the date of the Court Order, being the assets frozen under the bank accounts in Hong Kong of the Company, Easy Venture and First Heritage pursuant to the Injunction Order, (ii) pay the top-up sum of HK\$197,755,503 into Court within 28 days from the date of the Court Order to ensure sufficient funding of HK\$1.03 billion for the proposed Shares Repurchase, (iii) convene the EGM for the Independent Shareholders to consider and if thought fit, approve the proposed Shares Repurchase within 2 months from the date of the Court Order, and (iv) give notice of the EGM at least 21 clear days before the day appointed for the EGM by way of prepaid mail to the last known addresses of the shareholders of the Company, advertisement once in Chinese in the Sing Tao Daily and once in English in the South China Morning Post, and send a copy of the EGM notice to the Administrators. Full text of the Agreed Facts and the Court Order are set out in Appendices I and II to this circular, respectively.

In compliance with the Court Order, on 18 July 2012, (i) the total amount of HK\$1.03 billion was paid into Court, of which HK\$832,244,497 was originally frozen under the Injunction Order and HK\$197,755,503 was the top-up sum paid by the Company to ensure sufficient funding for the proposed Shares Repurchase; (ii) the Company has paid the SFC HK\$7 million being the costs of the Action; and (iii) a trust account for the sum of HK\$3 million has been established for settlement of the costs, fees and expenses of the Administrators and the costs of effecting the proposed Shares Repurchase.

The purposes of this circular are to comply with the Court Order and to provide you with, amongst other things, certain information relating to the proposed Shares Repurchase and a summary of steps for its implementation, the Company's listing status after the Shares Repurchase, the Agreed Facts, the Court Order, and a notice of the EGM, so as to enable the Independent Shareholders to make an informed decision on whether to vote for or against the ordinary resolution(s) in relation to the proposed Shares Repurchase to be proposed at the EGM.

### WARNINGS

**The proposed Shares Repurchase is subject to a number of conditions, including but not limited to, obtaining the approval from the Independent Shareholders by way**

## LETTER FROM THE BOARD

of ordinary resolution at the EGM. If any of the conditions cannot be fulfilled, the Shares Repurchase will not proceed. Besides, the Repurchase Offer will be made to the Qualifying Shareholders only. The Repurchase Offer will not be made to any of the Excluded Shareholders or any transferees or assignees who acquired the Shares after the date of the Court Order unless they are the Qualifying Shareholders. For the avoidance of doubt, the Qualifying Shareholders who have subsequently transferred/deposited their Shares with CCASS after the date of the Court Order will still be entitled to participate in the Repurchase Offer. Investors and/or Shareholders who trade Shares prior to completion of the Shares Repurchase do so entirely at their own risk.

### THE SHARES REPURCHASE

Pursuant to the Court Order and subject to the terms and conditions of the Shares Repurchase herein and as agreed with and/or requested by the SFC and the Administrators, the Repurchase Offer will be made to the Qualifying Shareholders for repurchase of all the Repurchase Shares (i.e. up to 25% of the issued share capital of the Company as at the Latest Practicable Date) at the Offer Price per each Repurchase Share by the Company. Principal terms of the proposed Shares Repurchase are set out below:

#### 1. Maximum Number of the Repurchase Shares

Pursuant to the proposed Shares Repurchase, the maximum number of the Shares to be repurchased is 500,000,000 Shares in aggregate, being all the Shares held by the Qualifying Shareholders, representing 25% of the total issued share capital of the Company as at the date of the Court Order and the Latest Practicable Date.

#### 2. The Offer Price

The Offer Price will be HK2.06 per Repurchase Share, exclusive of brokerage, SFC transaction levy, Stock Exchange trading fee and stamp duty, payable in cash. The Offer Price represents the closing price of the Shares of HK\$2.06 each as quoted on the Stock Exchange on the Last Trading Day.

Based on the Offer Price, the maximum amount payable by the Company under the proposed Shares Repurchase is HK\$1.03 billion.

#### 3. Funding and financial effects of the Shares Repurchase

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles of Association and the applicable laws of the Cayman Islands.

Pursuant to the laws of the Cayman Islands, the Shares Repurchase must be made out of profits or share premium of the Company or out of a fresh issue of shares made for the purpose of the repurchase or, subject to a statutory solvency test, out of capital.

## LETTER FROM THE BOARD

In compliance with the Court Order, the total amount of HK\$1.03 billion, being the sum of HK\$832,244,497 frozen under the Injunction Order and the top-up sum of HK\$197,755,503 paid by the Company, has been duly paid into Court on 18 July 2012 to ensure sufficient funding for the proposed Shares Repurchase. As at the Latest Practicable Date, the Company had sufficient funds in its share premium account for implementation of the proposed Shares Repurchase. Upon approval of the proposed Shares Repurchase at the EGM by the Independent Shareholders, such funds paid into Court will be released to the Administrators who will be responsible for administering the funding of the Shares Repurchase and arranging for distribution of such funds to the Qualifying Shareholders who duly accept the Repurchase Offer.

If the Shares Repurchase is implemented in full, a total of HK\$1.03 billion shall be paid by the Company and it may have an adverse impact on the working capital, gearing position, earnings per Share, net assets per Share and/or liabilities of the Company. However, the Company cannot ascertain the actual impact that the Shares Repurchase will cast on its financial position given the fact that it is unknown when the Repurchase Offer will be made and to what extent the Repurchase Offer will be accepted by the Qualifying Shareholders.

#### **4. Conditions of the Shares Repurchase**

The Shares Repurchase is conditional upon satisfaction of the following conditions:

- (i) the ordinary resolution for approving the Shares Repurchase is not defeated due to the votes cast by the Excluded Shareholders (including their proxies) at the EGM; and
- (ii) fulfillment of all the requirements under the applicable laws and regulations and having obtained all the requisite approvals from any competent authorities for the Shares Repurchase.

If any of the above conditions cannot be fulfilled, the Shares Repurchase will not proceed. In such case, the SFC will be at liberty to restore the Action for hearing before the Court and the Court is at liberty to make such orders it sees fit under the Action at the conclusion of the hearing. Your attention is also drawn to the section headed "Consequences of the Shares Repurchase not being approved at the EGM" below.

#### **5. Status of the Repurchase Shares**

The Repurchase Shares are fully paid ordinary Shares with a nominal value of HK\$0.10 each in the capital of the Company, and shall be sold to the Company free and clear of any encumbrances and together with all rights attaching to such Shares by those Qualifying Shareholders who accept the Repurchase Offer.

Pursuant to the Listing Rules and the laws of the Cayman Islands, the Repurchase Shares, upon repurchase, will be cancelled.

## LETTER FROM THE BOARD

### REASONS FOR THE SHARES REPURCHASE

As mentioned above, the SFC commenced the Action against the Company and the Relevant Subsidiaries on 30 March 2010 alleging, amongst other things, that the Prospectus contained materially false or misleading information. The SFC also sought an order that the funds raised by the Company in its initial public offering be used to repurchase the Company's Shares from those investors who subscribed for the Shares and those investors who have purchased the Shares since the Company's initial public offering. For the purpose of settlement of the Action, on 20 June 2012, the SFC, the Company, Easy Venture and First Heritage filed the Agreed Facts with the Court in which the Company accepted and acknowledged that the Prospectus contained certain information which is materially false or misleading as to material facts; or false or misleading through omission of material facts. As a result, the Prospectus cannot be relied on. Given the fact that trading in the Shares has been suspended for over 2 years (including the Latest Practicable Date) and it is currently unknown and uncertain as to when, or if, resumption of trading in the Shares will take place, the proposed Shares Repurchase may be an appropriate way to afford investors the opportunity to re-consider and re-evaluate their investments in the Company. Upon reading the Agreed Facts, the Court made the Court Order requiring the Company, amongst other things, to propose the Shares Repurchase for consideration and approval by the Independent Shareholders at the EGM.

### CONSEQUENCES OF THE SHARES REPURCHASE NOT BEING APPROVED AT THE EGM

If the proposed Shares Repurchase is not approved by the Independent Shareholders in attendance in person or by proxy at the EGM by way of ordinary resolution, the proposed Shares Repurchase will not proceed. Pursuant to the Court Order, the Action will remain stayed and the sum of HK\$1.03 billion paid into Court may be returned to the Company.

As at the Latest Practicable Date, trading in the Shares remains suspended and will remain suspended unless and until approvals are obtained from both the Stock Exchange and the SFC for resumption of trading, which may not be granted.

## LETTER FROM THE BOARD

### HISTORICAL MARKET PRICES

The table below shows the closing price of the Shares on the Stock Exchange on the last day on which trading took place in each calendar month during the period since its listing on 24 December 2009 and the Last Trading Day:

<b>Date</b>	<b>Closing price per Share (HK\$)</b>
31 December 2009	1.96
29 January 2010	2.07
26 February 2010	2.14
29 March 2010 (Last Trading Day)	2.06

The highest and lowest closing price per Share recorded on the Stock Exchange during the period since its listing on 24 December 2009 and ending on the Last Trading Day were HK\$2.53 and HK\$1.96 respectively.

### SHARE CAPITAL AND SHAREHOLDING STRUCTURES

Set out below is the issued share capital of the Company as at the Latest Practicable Date and upon implementing the Shares Repurchase in full:

	<b>Number of Shares</b>	<b>Issued share capital</b>
As at the Latest Practicable Date	2,000,000,000	HK\$200,000,000
Upon implementing the Shares Repurchase in full	1,500,000,000	HK\$150,000,000

All the issued Shares are fully paid and rank *pari passu* in all respects, including the rights as to voting, dividends and return of capital, all of which are listed on the Stock Exchange. No part of the securities of the Company is listed or dealt in, nor is listing or permission to deal in the securities of the Company being or proposed to be sought, on any other stock exchange.

Since the Company's listing on 24 December 2009 and up to the Latest Practicable Date, no Shares have been allotted and issued by the Company. As at the Latest Practicable Date, the Company had no convertible securities, options, derivatives or warrants outstanding and had not entered into any agreement for the issue of any convertible securities, options, warrants or derivatives of the Company.

The Company has adopted the Share Option Scheme on 27 November 2009. Nevertheless, the Company had not granted any Options as at the Latest Practicable Date.

## LETTER FROM THE BOARD

Upon completion of the Shares Repurchase, the Repurchase Shares will be cancelled, thereby reducing the number of issued Shares and share capital of the Company. However, implementation of the Shares Repurchase will not affect the authorized share capital of the Company, which remains at HK\$500,000,000 divided into 5,000,000,000 Shares of HK\$0.10 each.

The following table illustrates the shareholding structures of the Company immediately before the Shares Repurchase and immediate after implementation of the Shares Repurchase in full based on the Company's register of members as at 4:30 p.m. on 20 June 2012, i.e. the date of the Court Order (assuming there is no change and transfer in the issued share capital of the Company save and except for the capital reduction resulting from the implementation of the Shares Repurchase):

	<b>Immediately before implementation of the Shares Repurchase</b>		<b>Immediately after implementation of the Shares Repurchase in full</b>	
	<i>Number of Shares</i>	<i>Approximate shareholding in the Company</i>	<i>Number of Shares</i>	<i>Approximate shareholding in the Company</i>
Qualifying Shareholders	500,000,000	25%	0	0%
Excluded Shareholders	1,500,000,000	75%	1,500,000,000	100%
Head Pearl (Note 1)	857,748,000	42.89%	857,748,000	57.183%
More Will (Note 2)	326,976,000	16.35%	326,976,000	21.798%
Joyous King (Note 3)	161,460,000	8.07%	161,460,000	10.764%
Speedy Grand (Note 4)	70,044,000	3.50%	70,044,000	4.670%
Sunny Beauty (Note 5)	52,572,000	2.63%	52,572,000	3.505%
Forever Art (Note 6)	31,200,000	1.56%	31,200,000	2.080%
<b>Total</b>	<b><u>2,000,000,000</u></b>	<b><u>100%</u></b>	<b><u>1,500,000,000</u></b>	<b><u>100%</u></b>

*Notes:*

1. As at the Latest Practicable Date, Head Pearl was owned as to 53.53%, 26.43%, 11.44% and 8.60% by Mr. Shao Ten-Po, Mr. Hsu Chieh-Jung, Mr. Liao Chin-Yi and Mr. Tseng Chung-Cheng, respectively. Mr. Shao Ten-Po, Mr. Liao Chin-Yi and Mr. Tseng Chung-Cheng are executive Directors.
2. As at the Latest Practicable Date, More Will was wholly-owned by Mr. Shao Ten-Po, an executive Director.
3. As at the Latest Practicable Date, Joyous King was wholly-owned by Mr. Hsu Chieh-Jung.
4. As at the Latest Practicable Date, Speedy Grand was wholly-owned by Mr. Liao Chin-Yi, an executive Director.
5. As at the Latest Practicable Date, Sunny Beauty was wholly-owned by Mr. Tseng Chung-Cheng, an executive Director.

## LETTER FROM THE BOARD

6. As at the Latest Practicable Date, Forever Art was wholly-owned by Ms. Hu Chin-Shu, who ceased to be an executive Director with effect from 24 June 2010.
7. Mr. Shao Ten-Po, by virtue of Part XV of the SFO, is deemed to be interested in the Shares held by his controlled corporations Head Pearl and More Will, i.e. 1,184,724,000 Shares or approximately 59.24% shareholding in the Company as at the Latest Practicable Date.

Upon implementation of the Shares Repurchase in full, there will be less than 25% of the Shares in issue remaining in the hands of the public. As a result thereof, the Company will not be able to comply with the minimum public float requirement under Rule 8.08 of the Listing Rules.

### OVERSEAS QUALIFYING SHAREHOLDERS

Pursuant to the Court Order, the Repurchase Offer will be made to all Qualifying Shareholders only, i.e. all Shareholders (except the Excluded Shareholders) who, under their names or in the name of CCASS/HKSCC Nominees Limited, held Shares as at 4:30 p.m. on 20 June 2012 and still so hold the Repurchase Shares as at the date of the Repurchase Offer, according to the Company's register of members, and shall include the Overseas Qualifying Shareholders. Whilst the Company assumes that the Overseas Qualifying Shareholders will participate in the Repurchase Offer, such Overseas Qualifying Shareholders may be subject to restrictions and/or compliance requirements under any applicable securities legislation of their respective jurisdictions and the requirements of any competent regulatory body or stock exchange with respect to the Repurchase Offer. **The Overseas Qualifying Shareholders are recommended to consult professional advisers on any restrictions and/or compliance requirements to which they are/may be subject in relation to the proposed Shares Repurchase.**

### WARNINGS

**It is the responsibility of each Qualifying Shareholder who wishes to accept the Repurchase Offer to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including but not limited to obtaining any governmental or other consents which may be required or in compliance with any necessary formalities or legal requirements. Any acceptance by a Qualifying Shareholder will be deemed to constitute a representation and warranty from such Qualifying Shareholder to the Company that the local laws and requirements have been duly complied with.**

### LISTING STATUS AFTER THE SHARES REPURCHASE

It is the current intention of the Board to appoint a financial adviser to advise on resumption of trading of Shares in the Company.

As at the Latest Practicable Date, trading in the Shares remains suspended and will remain suspended unless and until approvals are obtained from both the Stock Exchange and the SFC for resumption of trading, which may not be granted.



## LETTER FROM THE BOARD

### WARNINGS

Shareholders should be aware and reminded that, if the Company loses its listing status, any protection under the Listing Rules as well as the Takeovers Code and Repurchase Code may not be available to the Shareholders.

### SUMMARY OF STEPS ON IMPLEMENTATION OF THE SHARES REPURCHASE

After having fulfilled all the conditions of the proposed Shares Repurchase and obtained the requisite approval from the Independent Shareholders at the EGM, the Company will proceed with the Shares Repurchase. The Administrators will be responsible for administration of the Shares Repurchase and the Company will cooperate with the Administrators for its implementation.

For the purpose of implementing the Shares Repurchase, the Administrators will devise the Protocol with the SFC and act in accordance therewith. It is expected that the Protocol will involve, *inter alia*:

- (i) setting the timing for the Shares Repurchase as well as deciding the means of acceptance of the Repurchase Offer and the deadline for accepting the Repurchase Offer;
- (ii) opening designated interest-bearing bank account(s) in the joint names of the Administrators for the purposes of receiving and distributing or paying monies contemplated under the Shares Repurchase;
- (iii) depositing the sum of HK\$1.03 billion released from the Court into the designated interest-bearing bank account(s) for funding of the Shares Repurchase;
- (iv) receiving the sum of HK\$3 million for the costs, fees and expenses of the Shares Repurchase;
- (v) issuing a letter/document to each of the Qualifying Shareholders in a form to be agreed between the SFC and the Administrators which will be sent by prepaid mail to the last known addresses of all the Qualifying Shareholders;
- (vi) advertising a notice of the Repurchase Offer once in Chinese in the Sing Tao Daily and once in English in the South China Morning Post and publishing such notice on the websites of the Stock Exchange and the Company;
- (vii) receiving and processing the acceptances of those Qualifying Shareholders with respect to the Repurchase Offer;
- (viii) distributing the payment for the Shares Repurchase to each of the Qualifying Shareholders who have duly accepted the Repurchase Offer; and
- (ix) returning any amounts remaining after completion of the Shares Repurchase to the Company's solicitors.

## LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company has yet to set out a timetable and plans as to when and how the Shares Repurchase will be implemented as well as when payment will be made to the Qualifying Shareholders who duly accept the Repurchase Offer. Further details on the Repurchase Offer, including, amongst other things, explanation on the terms, timetable, procedures for acceptance of the Repurchase Offer and payment for the Repurchase Shares will be included in the offer document which will be despatched to the Qualifying Shareholders after the proposed Shares Repurchase being approved by the Independent Shareholders at the EGM.

### **OBLIGATIONS OF THE EXCLUDED SHAREHOLDERS IN THE SHARES REPURCHASE**

Pursuant to the Court Order, the Excluded Shareholders are not eligible to participate in the Repurchase Offer and if the Excluded Shareholders vote on the resolution(s) in relation to the proposed Shares Repurchase causing such resolution(s) not to pass at the EGM, the SFC may restore the Action and seek final orders from the Court.

Among the Excluded Shareholders, Mr. Shao Ten-Po, Mr. Tseng Chung-Cheng, Mr. Liao Chin-Yi, More Will, Sunny Beauty, Speedy Grand and Head Pearl confirmed on the Latest Practicable Date that they had not transferred any of their respective Shares in the Company since the date of the Court Order and will not transfer any of their respective Shares before conclusion of the Shares Repurchase. They have also undertaken to abstain from voting on the resolution(s) and will not appoint any proxies to attend and vote on their behalf in relation to the Shares Repurchase at the EGM.

### **DIRECTORS', CONNECTED PERSONS' AND SUBSTANTIAL SHAREHOLDERS' INTENTION TO SELL SHARES**

As at the Latest Practicable Date, none of the Directors have sold their respective Shares since the date of the Court Order and, to the best of their knowledge, having made all reasonable enquiries, none of them and none of their respective associates have any intention to sell any Shares to the Company prior to conclusion of the Repurchase Offer if the Shares Repurchase is approved by the Independent Shareholders at the EGM.

As at the Latest Practicable Date, no connected persons of the Company have notified the Company that he has an intention to sell any Shares to the Company, and save and except for the Excluded Shareholders (more details are set out in the section headed "Obligations of the Excluded Shareholders in the Shares Repurchase" above), none of them have undertaken not to sell any Shares held by him to the Company prior to conclusion of the Repurchase Offer in the event that the Shares Repurchase is approved by the Independent Shareholders at the EGM.

As at the Latest Practicable Date, none of the substantial shareholders of the Company, namely Head Pearl, More Will and Mr. Shao Ten-Po, who are also, amongst others, the Excluded Shareholders (more details are set out in the section headed "Obligations of the Excluded Shareholders in the Shares Repurchase" above), have any intention to sell any Shares to the Company prior to conclusion of the Repurchase Offer if the Shares Repurchase is approved by the Independent Shareholders at the EGM.

## LETTER FROM THE BOARD

### COMPANY'S DEALINGS IN THE SHARES

The Company has not repurchased any Shares (whether on the Stock Exchange or otherwise) during the 12 months prior to and including the date hereof and will not conduct any share repurchase from the date hereof up to and including the date on which the Repurchase Offer closes, lapses or is withdrawn, as the case may be, unless it has complied with all the applicable laws and regulations.

### DIRECTORS' INTERESTS IN THE SHARES REPURCHASE

Each of the following executive Directors was deemed to have interests in the Shares as at the Latest Practicable Date through their respective controlled corporations:

- (i) Mr. Shao Ten-Po was interested in a total of approximately 59.24% shareholding in the Company through his controlled corporations Head Pearl and More Will, which respectively held approximately 42.89% and 16.35% shareholdings in the Company;
- (ii) Mr. Tseng Chung-Cheng was interested in approximately 2.63% shareholding in the Company through his wholly-owned corporation Sunny Beauty. Mr. Tseng also held approximately 8.60% shareholding in Head Pearl, which held approximately 42.89% shareholding in the Company; and
- (iii) Mr. Liao Chin-Yi was interested in approximately 3.50% shareholding in the Company through his wholly-owned corporation Speedy Grand. Mr. Liao also held approximately 11.44% shareholding in Head Pearl, which held approximately 42.89% shareholding in the Company.

In light of the foregoing, Mr. Shao, Mr. Tseng and Mr. Liao are considered to be interested in the Shares Repurchase. Meanwhile, Mr. Shao, Mr. Tseng and Mr. Liao are, amongst others, Excluded Shareholders. Accordingly, Mr. Shao, Mr. Tseng and Mr. Liao have declared their respective interests at the Board meeting(s) and abstained from voting on the relevant Board resolution(s) approving the proposed Shares Repurchase. Besides, Mr. Shao, Mr. Tseng and Mr. Liao have all undertaken not to participate in the Repurchase Offer and to abstain from voting on the resolution(s) and will not appoint any proxies to attend and vote on their behalf in relation to the Shares Repurchase at the EGM.

### ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

In view of the interests of the executive Directors in the proposed Shares Repurchase and for the purpose of avoiding any possible conflicts of interest, the Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lu Chien-An, Mr. Chang Chuan-Fang and Mr. Chen Fang-Kun, has been established for the purpose of the Shares Repurchase.

## LETTER FROM THE BOARD

### INFORMATION OF THE GROUP AND INTENTION OF THE COMPANY AFTER THE SHARES REPURCHASE

The Group is principally engaged in manufacturing of chemical fibre knitted fabrics, especially with focus on functional fabrics, for sportswear clothing in the province of Fujian in the PRC. The Group is also engaged in the design, development and marketing of fashion and leisure apparel and accessory products.

As at the Latest Practicable Date, the Company and its principal PRC subsidiaries were carrying on business under normal operation. It is the current intention of the Board to continue the business of the Group and operate the Company as a going concern. However, there is no timetable as at the Latest Practicable Date when the Company would publish its outstanding financial statements. Therefore, the details of the bank overdrafts or loans, or other similar indebtedness, mortgages, charges or guarantees or other material contingent liabilities of the Group are not available for the purpose of this circular. **Investors and Shareholders are reminded not to rely on the financial statements in the Prospectus.**

Since the Company's listing on 24 December 2009 and as at the Latest Practicable Date, the Company had not declared or proposed any dividend and had no intention to declare or propose any dividend.

Save and except for the Action and any proceedings in relation thereto, as at the Latest Practicable Date, so far as is known to the Directors and according to their best knowledge and belief, no material litigation was initiated against the Company and its subsidiaries.

### LISTING RULES IMPLICATIONS

The proposed Shares Repurchase is made pursuant to the Court Order and accordingly, it is not subject to the requirements under Rule 10.06(1) to (4) of the Listing Rules.

### TAKEOVER CODE AND REPURCHASE CODE IMPLICATIONS

The Share Repurchase is an exempt shares repurchase and therefore the Shares Repurchase is not subject to the Takeovers Code and the Repurchase Code.

However, if, as a result of the Shares Repurchase, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Therefore, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of its or their shareholding, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

## LETTER FROM THE BOARD

### EGM AND ELIGIBILITY FOR VOTING

The EGM will be held at 9:00 a.m. on 20 August 2012 (Monday) at Grand Ballroom, 1/F., Harbour Grand Kowloon, 20 Tak Fung Street, Whampoa Garden, Hunghom, Kowloon, Hong Kong for, amongst other things, the Independent Shareholders to consider and, if thought fit, approve the proposed Shares Repurchase by way of ordinary resolution. The resolution(s) put to vote at the EGM will be decided by way of poll as required by the Listing Rules and the Court Order.

The notice of the EGM is set out on pages 39 to 41 of this circular.

This circular, the notice of EGM and/or the accompanying form of proxy are intended to be despatched to the Shareholders whose names appear on the Company's register of members as at 4:30 p.m. on 20 June 2012, being the date of the Court Order, and the Shareholders who are eligible to attend and vote at the EGM and those shareholders whose Shares are held in the name of CCASS/HKSCC Nominees Limited and on whose behalf, CCASS/HKSCC Nominees Limited is eligible to attend and vote at the EGM. Qualifying Shareholders shall note that they will not be eligible to attend and vote on the resolution(s) in relation to the proposed Shares Repurchase at the EGM if they are not the Independent Shareholders. For the avoidance of doubt, only the proxy form(s) completed by the Independent Shareholders and the votes cast by the Independent Shareholders at the EGM will be counted as valid votes, whilst any proxy form(s) completed by any Qualifying Shareholders who are not Independent Shareholders or any votes cast by any Qualifying Shareholders who are not Independent Shareholders will not be counted as valid vote for the resolution(s) in relation to the proposed Shares Repurchase to be proposed at the EGM. Pursuant to the Court Order, the Excluded Shareholders are not eligible to participate in the Repurchase Offer and if the Excluded Shareholders vote on the resolution(s) in relation to the proposed Shares Repurchase causing such resolution(s) not to pass at the EGM, the SFC may restore the Action and seek final orders from the Court.

A form of proxy for use at the EGM is enclosed. If you are an Independent Shareholder, whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon. For those Independent Shareholders who have transferred/deposited their Shares with CCASS, they shall immediately contact their intermediaries and/or CCASS to ensure that their voting instructions are given before the deadline so that their voting preferences on the proposed Shares Repurchase could be taken into account at the EGM. The proxy form must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time scheduled for holding the EGM (or any adjourned meeting(s) thereof). Completion and delivery of the form of proxy will not preclude the Independent Shareholders from attending and voting in person at the EGM or any adjournment if they so desire.

The Company will publish an announcement to inform the Shareholders of the poll results of the EGM.

## LETTER FROM THE BOARD

### WARNINGS

Investors and Shareholders should note that even if the Shares Repurchase is duly approved at the EGM by the Independent Shareholders, the Qualifying Shareholders are nonetheless free to accept or not to accept the Repurchase Offer when the Shares Repurchase is implemented. However, Qualifying Shareholders are reminded that once they accept the Repurchase Offer, they are not entitled to withdraw their acceptance. Shareholders should be aware and reminded that, if the Company loses its listing status, any protection under the Listing Rules as well as the Takeovers Code and Repurchase Code may not be available to the Shareholders. Shareholders are recommended to seek independent professional advice should they have any doubts in relation to the proposed Shares Repurchase and the arrangements hereunder.

### CLOSURE OF REGISTER OF MEMBERS

In order to determine the Shareholders who are entitled to attend and vote at the EGM, the Company's register of members will be closed from 13 August 2012 (Monday) to 20 August 2012 (Monday), both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the EGM, Shareholders shall ensure that all the transfer documents accompanied by the relevant Share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 10 August 2012 (Friday).

### RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Court Order for the purpose of giving information with regard to the proposed Shares Repurchase. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement herein misleading.

### ADDITIONAL INFORMATION

Your attention is drawn to the Agreed Facts and the Court Order as set out in Appendices I and II to this circular, respectively.

The English version of this circular, the notice of EGM and the accompanying form of proxy shall prevail over the Chinese version in the event of any inconsistency.

### DOCUMENTS ON DISPLAY

As requested by the SFC, a copy of the Articles of Association (English version only) will be available on the websites of the Stock Exchange and the Company whilst copies of the service contracts (Chinese version only) entered into between the Company and the executive Directors will be available on the Company's website from the date of this circular up to and including the date of the EGM.

## LETTER FROM THE BOARD

### WARNINGS

The proposed Shares Repurchase is subject to a number of conditions, including but not limited to, obtaining the approval from the Independent Shareholders by way of ordinary resolution at the EGM. If any of the conditions cannot be fulfilled, the Shares Repurchase will not proceed. Besides, the Repurchase Offer will be made to the Qualifying Shareholders only. The Repurchase Offer will not be made to any of the Excluded Shareholders or any transferees or assignees who acquired the Shares after the date of the Court Order unless they are the Qualifying Shareholders. For the avoidance of doubt, the Qualifying Shareholders who have subsequently transferred/deposited their Shares with CCASS after the date of the Court Order will still be entitled to participate in the Repurchase Offer. Investors and/or Shareholders who trade Shares prior to completion of the Shares Repurchase do so entirely at their own risk. Shareholders should be aware and reminded that, if the Company loses its listing status, any protection under the Listing Rules as well as the Takeovers Code and Repurchase Code may not be available to the Shareholders.

Yours faithfully,  
For and on behalf of  
**Hontex International Holdings Company Limited**  
**Shao Ten-Po**  
*Chairman*

**STATEMENT OF AGREED FACTS**

The following is the full text of the Agreed Facts jointly filed with the Court by the SFC, the Company, Easy Venture and First Heritage in relation to the Action on 20 June 2012. **The contents of the Agreed Facts are solely for the purpose of the proceedings of the Action and do not constitute any admission by the Company and/or any of the Relevant Subsidiaries for any other purposes whatsoever.**

The original English text shall prevail over its Chinese translation in case of any inconsistency between the two versions.



HCMP 630/2010

IN THE HIGH COURT OF THE  
HONG KONG SPECIAL ADMINISTRATIVE REGION  
COURT OF FIRST INSTANCE  
MISCELLANEOUS PROCEEDINGS NO. 630 OF 2010

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IN THE MATTER OF SECTION 213 OF  
THE SECURITIES AND FUTURES  
ORDINANCE (Cap. 571)

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BETWEEN

**SECURITIES AND FUTURES COMMISSION****Plaintiff****and**

<b>HONTEX INTERNATIONAL HOLDINGS COMPANY LIMITED</b>	<b>1<sup>st</sup> Defendant</b>
<b>EASY VENTURE INTERNATIONAL LIMITED</b>	<b>2<sup>nd</sup> Defendant</b>
<b>STAR GUIDE INVESTMENTS LIMITED</b>	<b>3<sup>rd</sup> Defendant</b>
<b>PROSPER ADVANCE INTERNATIONAL LIMITED</b>	<b>4<sup>th</sup> Defendant</b>
<b>FIRST HERITAGE LIMITED</b>	<b>5<sup>th</sup> Defendant</b>

**STATEMENT OF AGREED FACTS**

1. The 1<sup>st</sup> Defendant is a corporation incorporated in, and under the laws of, the Cayman Islands with capacity to sue and be sued in its own name. The 1<sup>st</sup> Defendant's shares have been listed on the Stock Exchange of Hong Kong Limited ("the SEHK") since 24 December 2009 (stock code 946). The 1<sup>st</sup> Defendant is an investment holding company and generates its turnover from business in fabric sales, casual and sportswear OEM (original equipment manufacturer) sales and branded leisure clothing sales carried on by subsidiaries in the PRC including Fuqing Hong Liong Textile Tech Co Ltd, Fuzhou Aike

Garment Co Ltd, Shishi Maigen Dress Co Ltd and Fuqing Ecotex Hi-tech Outdoor Product Ltd (collectively "**the Subsidiaries**").

2. The 2<sup>nd</sup> and 5<sup>th</sup> Defendants are companies incorporated under the Companies Ordinance (Cap 32) and are, through a wholly owned subsidiary named Easy Era Group Limited, wholly owned subsidiaries of the 1<sup>st</sup> Defendant. The 2<sup>nd</sup> and 5<sup>th</sup> Defendants are investment holding companies and carry on no other business of their own.
3. At all material times the executive directors of the 1<sup>st</sup> Defendant were:-
  - (1) Shao Ten-Po;
  - (2) Tseng Chung-Cheng;
  - (3) Liao Chin-Yi;
  - (4) Hu Chin-Shu; and
  - (5) Liao Min-Chiang.
4. On 23 July 2009, the 1<sup>st</sup> Defendant, through Mega Capital (Asia) Company Limited ("**Mega Capital**"), the sponsor of the Global Offer (as defined below), applied to the listing committee of the SEHK for the listing of, and for permission to deal in, 500,000,000 shares as described in a draft Prospectus for Global Offering of the 1<sup>st</sup> Defendant ("**the Prospectus**") inviting applications to subscribe for and to purchase an aggregate of 500,000,000 shares at a price of not more than HK\$2.78 per share ("**the Global Offer**"). In purported compliance with the requirements of sections 3 and 5 of the Securities and Futures (Stock Market Listing) Rules (Cap 571, sub leg) and section 342C of the Companies Ordinance, the 1<sup>st</sup> Defendant provided a copy of the draft Prospectus to the SEHK and to the Plaintiff in support of its application.
5. On 14 December 2009, the 1<sup>st</sup> Defendant issued, disclosed, circulated, distributed or disseminated, alternatively authorized or was concerned in the issue, disclosure, circulation, distribution or dissemination, of the Prospectus. The Prospectus indicated that

the shares allotted under the Global Offer would be admitted for trading on the Main Board of the SEHK and dealings in these shares would commence at 9:30 a.m. on 24 December 2009. On the same day, the 1<sup>st</sup> Defendant issued an announcement on the Global Offer on the SEHK website and published the announcements in the South China Morning Post and Hong Kong Economic Times.

6. The Prospectus contained, inter alia, the following items of information about the 1<sup>st</sup> Defendant and its group of companies (“the Group”):

		For the year ended 31 December 2006	For the year ended 31 December 2007	For the year ended 31 December 2008
(1)	Turnover	RMB 653,380,000	RMB 932,476,000	RMB 1,266,050,000
(2)	Gross Profit	RMB 151,105,000	RMB 234,507,000	RMB 354,419,000
(3)	Profit from Operations	RMB 120,758,000	RMB 198,316,000	RMB 311,128,000
(4)	Profit before Taxation	RMB 116,305,000	RMB 195,833,000	RMB 309,206,000
(5)	Profit Attributable to Equity Shareholders	RMB 102,496,000	RMB 170,461,000	RMB 242,339,000
(6)	Earnings per Share	RMB 6.57 cents	RMB 10.93 cents	RMB 15.53 cents

		As at 31 December 2007	As at 31 December 2008	As at 30 June 2009
(7)	Cash and Cash Equivalents of the Group	RMB 89,175,000	RMB 175,895,000	RMB 237,924,000
(8)	Cash at Bank of the Group	RMB 89,111,000	RMB 175,448,000	RMB 237,449,000

		As at 31 December 2008	As at 8 December 2009
(9)	Number of Franchise Stores	420	665

7. The 1<sup>st</sup> Defendant accepts and acknowledges that, in respect of the Prospectus, the information in paragraph 6 above:
- (a) separately and together was likely to induce other persons in Hong Kong to subscribe for or purchase the securities of Hontex; and
  - (b) was false or misleading as to material facts, or was false or misleading through the omission of material facts.
8. The Plaintiff claims that the true position, as best as can be established, is as follows:
- (1) the cash and cash equivalents balances and the cash at bank balances of the Group for the years ended 31 December 2007 and 2008 and the 6 months ended 30 June 2009 included the balances of the major bank accounts of the Subsidiaries. As set out in the Statement of Claim, the balances of these major bank accounts as at 31 December 2007, 31 December 2008 and 30 June 2009 were RMB 16,117,000, RMB 7,715,000 and RMB30,995,000 respectively and not the amounts stated in the Prospectus (as set out in paragraph 6 above) which were materially overstated.
  - (2) As set out in the Statement of Claim, the number of franchise stores of the Group as at 31 December 2008 and 8 December 2009 were overstated in the Prospectus by at least 8 and 37 respectively.
  - (3) As set out in the Statement of Claim, the turnover for the Group as stated in the Prospectus for the years ended 31 December 2006, 2007 and 2008 was overstated by approximately RMB 380,934,125, RMB 708,894,820 and RMB 974,733,321 respectively.

- (4) As set out in the Statement of Claim, the profit before tax for the Group as stated in the Prospectus for the years ended 31 December 2006, 2007 and 2008 was overstated by approximately RMB 102,935,289, RMB 185,001,887 and RMB 298,286,785 respectively and hence the profit figures set out in paragraphs 6(2), 6(3) and 6(5) above and the earning per share set out in paragraph 6(6) above were also materially overstated.
9. The 1<sup>st</sup> Defendant cannot verify the full extent of the difference between its true financial position for the years ended 31 December 2006, 31 December 2007 and 31 December 2008 as well as the 6 months ended 30 June 2009 and the information in the Prospectus set out in paragraph 6 above and therefore does not agree to the figures set out in paragraph 8(1) to (4) above.
10. As a result of the Global Offer, 12,464 persons subscribed for the shares of the 1<sup>st</sup> Defendant and became shareholders.
11. On or about 24 December 2009, the 1<sup>st</sup> Defendant received net proceeds from the Global Offer totaling approximately HK\$997,400,000.
12. Subsequent to the listing of the 1<sup>st</sup> Defendant's shares on the SEHK, shares of the 1<sup>st</sup> Defendant were traded on the SEHK until trading was suspended on 30 March 2010.
13. According to the 1<sup>st</sup> Defendant's share register, after trading was suspended, there were 779 registered shareholders of the 1<sup>st</sup> Defendant. Out of the 779 registered shareholders of the 1<sup>st</sup> Defendant, 6 shareholders were companies held by Shao, Hsu, Tseng, Liao and Hu. Another registered shareholder was the Central Clearing and Settlement System which held shares of the 1<sup>st</sup> Defendant on behalf of 7,001 investors.
14. On 30 August 2010, the 1<sup>st</sup> Defendant acknowledged the falsity of material statements in the Prospectus by issuing a formal Announcement via the SEHK in which it was announced that, among other things:-

- (1) the 1<sup>st</sup> Defendant's Audit Committee had reported to the 1<sup>st</sup> Defendant's board of directors that based on its findings so far, reliance could not be placed upon the statements made in the Prospectus; and
- (2) in light of the 1<sup>st</sup> Defendant's Audit Committee's findings, the 1<sup>st</sup> Defendant's board of directors had concluded that investors of the 1<sup>st</sup> Defendant should be compensated.
15. The 1<sup>st</sup> Defendant admits and acknowledges disclosing, circulating or disseminating, or authorizing or being concerned in the disclosure, circulation or dissemination of the information in paragraph 6 above, which was likely to induce other persons to subscribe for and/or purchase the securities of Hontex in Hong Kong and being reckless as to whether the information was false or misleading as to a material fact, or was false or misleading through the omission of a material fact and the 1<sup>st</sup> Defendant hereby admits it contravened section 298(1) of the Securities & Futures Ordinance (Cap 571).
16. The 2<sup>nd</sup> and 5<sup>th</sup> Defendants confirm that they received part of the proceeds of the Global Offer. In February and March 2010 a total of HK\$260,350,000 and US\$5,900,000 representing part of the proceeds received from the Global Offer was transferred from an account of the 1<sup>st</sup> Defendant held at Bank of East Asia to the account of the 2<sup>nd</sup> Defendant held at the Bank of East Asia as follows:
- 11 February 2010 – US\$3,000,000
- 12 March 2010 – HK\$100,000
- 29 March 2010 – HK\$250,000
- 29 March 2010 – HK\$260,000,000 and US\$2,900,000

17. On 12 March 2010 the sum of HK\$100,000 representing part of the proceeds received from the Global Offer was transferred from an account of the 1<sup>st</sup> Defendant held at Bank of East Asia to the account of the 5<sup>th</sup> Defendant held at the Bank of East Asia.

Signed by: ..... *Li Partners* .....  
 Name: ..... *LI & PARTNERS, Solicitors for the 1st, 2nd & 5th Defendants* .....  
 Date: ..... *20 June 2012* .....

For and on behalf of the 1<sup>st</sup>, 2<sup>nd</sup> and 5<sup>th</sup> Defendants

Witnessed by: ..... *Chau Chi Chung* .....  
 Name: ..... *Chau Chi Chung* .....  
 Date: ..... *20 June 2012* .....

Signed by: ..... *Mark Steward* .....  
 Name: ..... *MARK STEWARD* .....  
 Date: ..... *20 June 2012* .....

For and on behalf of the Securities and Futures Commission

Witnessed by: ..... *Maureen Garbett* .....  
 Name: ..... *MAUREEN GARRETT* .....  
 Date: ..... *20 June 2012* .....

HCMP 630 / 2010

IN THE HIGH COURT OF THE  
HONG KONG SPECIAL ADMINISTRATIVE REGION  
COURT OF FIRST INSTANCE  
MISCELLANEOUS PROCEEDINGS NO.630 OF 2010

---

IN THE MATTER OF Section 213 of the  
Securities and Futures Ordinance (Cap. 571)

---

BETWEEN

**SECURITIES AND FUTURES COMMISSION**

**Plaintiff**

and

**HONTEX INTERNATIONAL**

**HOLDINGS COMPANY LIMITED**

**1<sup>st</sup> Defendant**

**EASY VENTURE INTERNATIONAL LIMITED**

**2<sup>nd</sup> Defendant**

**STAR GUIDE INVESTMENTS LIMITED**

**3<sup>rd</sup> Defendant**

**PROSPER ADVANCE INTERNATIONAL LIMITED**

**4<sup>th</sup> Defendant**

**FIRST HERITAGE LIMITED**

**5<sup>th</sup> Defendant**

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**STATEMENT OF AGREED FACTS**

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Dated the <sup>20<sup>th</sup></sup> day of June 2012  
Filed the <sup>20<sup>th</sup></sup> day of June 2012

Securities and Futures Commission  
8<sup>th</sup> Floor, Chater House  
8 Connaught Road Central  
Hong Kong  
Tel: 2840 9482 / 2840 9222  
Fax: 2521 7884  
Ref: 122/LG/1000/0027



**COURT ORDER**

The following is the full text of the Court Order made by the Court in respect of the Action on 20 June 2012. The original English text shall prevail over its Chinese translation in case of any inconsistency between the two versions.

HCMP 630/2010



22 JUN 2012

IN THE HIGH COURT OF THE  
HONG KONG SPECIAL ADMINISTRATIVE REGION  
COURT OF FIRST INSTANCE  
MISCELLANEOUS PROCEEDINGS NO. 630 OF 2010

IN THE MATTER OF SECTION 213 OF  
THE SECURITIES AND FUTURES  
ORDINANCE (Cap. 571)

BETWEEN

**SECURITIES AND FUTURES COMMISSION****Plaintiff**

and

**HONTEX INTERNATIONAL HOLDINGS COMPANY LIMITED** 1<sup>st</sup> Defendant**EASY VENTURE INTERNATIONAL LIMITED** 2<sup>nd</sup> Defendant**STAR GUIDE INVESTMENTS LIMITED** 3<sup>rd</sup> Defendant**PROSPER ADVANCE INTERNATIONAL LIMITED** 4<sup>th</sup> Defendant**FIRST HERITAGE LIMITED** 5<sup>th</sup> Defendant

**BEFORE THE HONOURABLE MR JUSTICE HARRIS IN COURT**

**ORDER**

UPON the joint application of the Plaintiff and the 1<sup>st</sup>, 2<sup>nd</sup> and 5<sup>th</sup> Defendants by way of Consent Summons filed on 20 June 2012

AND UPON reading the Statement of Agreed Facts between the Plaintiff and the 1<sup>st</sup>, 2<sup>nd</sup> and 5<sup>th</sup> Defendants filed on 20 June 2012 (“**the Statement of Agreed Facts**”)

AND UPON the undertaking of the solicitors for the 1<sup>st</sup>, 2<sup>nd</sup> and 5<sup>th</sup> Defendants that the sum of HK\$151,000,000 now standing in their trust account (“**the Trust Account**”) held on behalf of Mr Shao Ten-Po, Mr Tseng Chung-Cheng, Mr Hsu Chieh-Jung and Mr Liao Chin Yi will be held for the purposes of permitting the 1<sup>st</sup>, 2<sup>nd</sup> and 5<sup>th</sup>

Defendants to comply with this Order and will not be transferred out of the Trust Account for any other purpose.

AND UPON hearing Leading Counsel for the Plaintiff and Leading Counsel for the 1<sup>st</sup>, 2<sup>nd</sup> and 5<sup>th</sup> Defendants

IT IS ORDERED that:-

1. The 1<sup>st</sup> Defendant pay the sum of HK\$197,755,503 into Court within 28 days hereof;
2. Pursuant to section 213(9) of the Securities and Futures Ordinance (“SFO”), the Injunction Order made on 29 March 2010 (“Injunction Order”) be varied to allow the sum of HK\$832,244,497 held in the accounts of the 1<sup>st</sup>, 2<sup>nd</sup> and 5<sup>th</sup> Defendants to be paid into Court within 28 days hereof;
3. Pursuant to section 213(2)(b) of the Securities and Futures Ordinance:-
  - 3.1 the 1<sup>st</sup> Defendant do convene an extraordinary general meeting to be held in Hong Kong within 2 months from the date hereof of all the shareholders of the 1<sup>st</sup> Defendant (“**the Meeting**”) for the purpose of considering and if thought fit approving a repurchase of the shares of the 1<sup>st</sup> Defendant, by the 1<sup>st</sup> Defendant (“**the Repurchase**”), at the offer price of HK\$2.06 per share (“**the Offer Price**”) from all the shareholders (or such of the shareholders who shall have accepted the Offer (as defined below) of the 1<sup>st</sup> Defendant as of the date of this Order (“**the Public Shareholders**”) other than the following persons:-
    - (i) More Will Investments Limited;
    - (ii) Joyous King Holdings Limited;
    - (iii) Sunny Beauty Limited;
    - (iv) Speedy Grand Limited;
    - (v) Forever Art Holding Limited;
    - (vi) Head Pearl International Limited;
    - (vii) Shao Ten-Po;

- (viii) Hsu Chieh-Jung;
  - (ix) Tseng Chung-Cheng;
  - (x) Liao Chin-Yi; and
  - (xi) Hu Chin-Shu
- ((i) to (xi) referred to collectively as “**the Controlling Shareholders**”);
- 3.2 At least 21 clear days before the day appointed for the Meeting, the 1<sup>st</sup> Defendant do (i) advertise a notice convening the Meeting (“**the Notice**”) once in Chinese in Sing Tao Daily and once in English in the South China Morning Post; (ii) send the Notice (in both English and Chinese) by prepaid mail to the last known addresses of all the shareholders of the 1<sup>st</sup> Defendant; and (iii) send a copy of the Notice to the Administrators (to be appointed under this Order);
- 3.3 The Notice shall, in addition to complying with the Articles of Association of the 1<sup>st</sup> Defendant and all applicable laws, include:-
- (i) a copy of the Schedule of Agreed Facts;
  - (ii) a copy of this Order;
  - (iii) a summary of the steps which the 1<sup>st</sup> Defendant will take to effect the Repurchase, including but not limited to the Offer Price and the total amount to be paid by the 1<sup>st</sup> Defendant if all the eligible shareholders of the 1<sup>st</sup> Defendant accept the offer for the Repurchase; and
  - (iv) the status of the 1<sup>st</sup> Defendant’s listing with the Stock Exchange of Hong Kong after the conclusion of the Repurchase;
- 3.4 The 1<sup>st</sup> Defendant shall obtain the Plaintiff’s prior written approval of the contents of the Notice before its advertisement;
- 3.5 The Meeting is to be conducted in accordance with the Articles of Association of the 1<sup>st</sup> Defendant and all applicable laws; representatives of the Plaintiff and the Administrators (to be appointed under this Order) shall attend the Meeting to observe the conduct of the Meeting;

- 3.6. If a resolution is passed at the Meeting (or any adjourned meeting) by the requisite majority of the shareholders of the 1<sup>st</sup> Defendant approving the Repurchase on a vote to be decided by way of a poll, the 1<sup>st</sup> Defendant do within 3 days from the date of such resolution inform the Administrators (to be appointed under this Order) of the approval of the Repurchase;
- 3.7 Pursuant to section 213(2)(d) of the Securities and Futures Ordinance, Mr Stephen Liu Yiu Keung, Mr David Yen Ching Wai and Ms Koo Chi Sum, all of Ernst & Young (Hong Kong) 62/F One Island East, 18 Westlands Road, Island East, Hong Kong (“**the Administrators**”) be appointed Joint and Several Administrators of the 1<sup>st</sup> Defendant to administer the Repurchase; such appointment shall be conditional upon a resolution being passed at the Meeting (or any adjourned meeting) by the requisite majority of the shareholders of the 1<sup>st</sup> Defendant approving the Repurchase on a vote decided by way of a poll;
- 3.8 The Administrators shall jointly and severally have, inter alia, the following powers and duties:-
- (i) to recover, receive and administer the sum of HK\$1,030,000,000 paid by the 1<sup>st</sup>, 2<sup>nd</sup> and 5<sup>th</sup> Defendants into the Court under this Order for the purposes of the Repurchase and to return any amounts remaining after the conclusion of the Repurchase to the solicitors for the 1<sup>st</sup>, 2<sup>nd</sup> and 5<sup>th</sup> Defendants;
  - (ii) to recover, receive and administer the sum of HK\$3,000,000 held in the Trust Account on account of the costs, fees and expenses of the Administrators and the costs of effecting the Repurchase (collectively “**the Costs and Fees Liabilities**”) and to return any amounts remaining after the payment of the Costs and Fees Liabilities to the solicitors for the 1<sup>st</sup>, 2<sup>nd</sup> and 5<sup>th</sup> Defendants;
  - (iii) all such sums recovered or received by the Administrator are to be held in a designated bank account or accounts opened in the joint names of the Administrators, such account(s) to be interest bearing,

and pending implementation of the Repurchase and distribution or payment contemplated thereunder and under this Order;

- (iv) to act in accordance with a protocol to be devised by the Plaintiff and the Administrators for the purposes of the Repurchase, which will involve, inter alia:
  - (1) making an offer to each of the Public Shareholders for the Repurchase (“**the Offer**”) by the issuance of a letter to each of the Public Shareholders in a form to be agreed between the Administrators and the Plaintiff and in compliance with the Rules Governing the Listing of Securities on the Stock Exchange and with the Code on Share Repurchases which shall be sent by prepaid mail to the last known addresses of all the Public Shareholders;
  - (2) advertising a notice of the Offer once in Chinese in Sing Tao Daily and once in English in the South China Morning Post;
  - (3) setting out the means of acceptance of the Offer and the deadline for accepting the Offer;
  - (4) receiving and processing the acceptances of those shareholders of the 1<sup>st</sup> Defendant who have accepted the Offer;
  - (5) distributing the payment for the Repurchase to each of the shareholders of the 1<sup>st</sup> Defendant who have duly accepted the Offer; and
  - (6) the setting of timing and time limits for the procedures contemplated in the protocol;
- (v) to liaise as necessary with the 1<sup>st</sup> Defendant in connection with the Offer and implementation thereof;
- (vi) to make payment for the Repurchase to each of the shareholders of the 1<sup>st</sup> Defendant who have duly accepted the Offer upon the return of interests of the shares of the 1<sup>st</sup> Defendant;
- (vii) to appoint agents, advisors and solicitors for the above purposes; and
- (viii) to open bank accounts.

- 3.9 The 1<sup>st</sup> Defendant is to cooperate with the Administrators in the performance of the exercise of their powers;
- 3.10 The Administrators shall keep proper accounts of all the payments received and made pursuant to this Order and shall report:-
- a. to the 1<sup>st</sup> Defendant and to the Plaintiff upon any payment being made to the shareholders of the 1<sup>st</sup> Defendant who have accepted the Offer; and
  - b. to the Court and the Plaintiff upon conclusion of the Repurchase;
4. The 1<sup>st</sup> Defendant shall pay for the Costs and Fees Liabilities which are to be taxed if not agreed;
5. The 1<sup>st</sup> Defendant do pay the Plaintiff's costs of this action (including costs reserved) in the sum of \$7,000,000 to be paid within 28 days from the date hereof;
6. The Injunction Order is to be discharged upon completion of the Repurchase.

AND IT IS FURTHER ORDERED that:-

7. All further proceedings in this action be stayed except for the purposes of or connected with carrying this Order into effect for which purpose the parties are to be at liberty to apply, UNLESS the 1<sup>st</sup> Defendant fails to comply with paragraph 1 above or the Controlling Shareholders do not abstain from voting at the Meeting with the result that the Repurchase resolution is defeated, in which case the Plaintiff shall be at liberty to restore this matter for hearing before this Court and for hearing to continue and the Court to make whatever Orders it sees fit to make at the conclusion of the hearing.
8. Service of the Consent Summons dated 20 June 2012 on the 1<sup>st</sup>, 2<sup>nd</sup> and 5<sup>th</sup> Defendants be dispensed with.

Dated the 20<sup>th</sup> day of June 2012

Registrar

HCMP 630 / 2010

IN THE HIGH COURT OF THE  
HONG KONG SPECIAL ADMINISTRATIVE REGION  
COURT OF FIRST INSTANCE  
MISCELLANEOUS PROCEEDINGS NO.630 OF 2010

---

IN THE MATTER OF Section 213 of the  
Securities and Futures Ordinance (Cap. 571)

---

BETWEEN

**SECURITIES AND FUTURES COMMISSION****Plaintiff**

and

**HONTEX INTERNATIONAL****HOLDINGS COMPANY LIMITED****1<sup>st</sup> Defendant****EASY VENTURE INTERNATIONAL LIMITED****2<sup>nd</sup> Defendant****STAR GUIDE INVESTMENTS LIMITED****3<sup>rd</sup> Defendant****PROSPER ADVANCE INTERNATIONAL LIMITED****4<sup>th</sup> Defendant****FIRST HERITAGE LIMITED****5<sup>th</sup> Defendant**

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**ORDER**

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Dated the 20<sup>th</sup> day of June 2012  
Filed on the 22<sup>nd</sup> day of June 2012

Securities and Futures Commission  
8<sup>th</sup> Floor, Chater House  
8 Connaught Road Central  
Hong Kong  
Tel: 2840 9482 / 2840 9222  
Fax: 2521 7884  
Ref: 122/LG/1000/0027





## Hontex International Holdings Company Limited

洪良國際控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 946)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "EGM") of Hontex International Holdings Company Limited (the "Company") will be held at 9:00 a.m. on 20 August 2012 (Monday) at Grand Ballroom, 1/F., Harbour Grand Kowloon, 20 Tak Fung Street, Whampoa Garden, Hungghom, Kowloon, Hong Kong for the purposes of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company.

#### ORDINARY RESOLUTION

1. **THAT:**

- (a) the Shares Repurchase of up to 500,000,000 Shares (representing 25% of the issued share capital of the Company in maximum as at the Latest Practicable Date) at the Offer Price of HK\$2.06 per Repurchase Share in cash by the Company from all the Qualifying Shareholders and all transactions and steps ancillary thereto be and are hereby generally and unconditionally approved;
- (b) the Board be and is hereby authorized to exercise all powers to implement the Shares Repurchase, including but not limited to obtaining any legally available funds for the Shares Repurchase, as well as applying for any waivers from strict compliance with the Listing Rules and/or Takeovers Code and/or Repurchase Code for effecting the Shares Repurchase, subject to and in accordance with all applicable laws and regulations and the Articles of Association, and to negotiate, prepare, execute, amend, supplement and implement all the documents in connection with and/or to give effect to and/or implement the Shares Repurchase with the SFC and the Administrators and/or other relevant parties, and any one Director be and is hereby authorized, after consultation and upon agreement with the majority of the Independent Board Committee, to sign, execute, perfect, deliver or to authorize signing, executing, perfecting and delivering all such documents and deeds (with or without amendments), to do or authorize doing all such acts, matters and things as he may in his discretion consider necessary,

## NOTICE OF EGM

expedient or desirable in connection with and/or to give effect to and/or implement the Shares Repurchase, and all the Directors' acts as aforesaid taken before and/or taken after the passing of this resolution be and are hereby approved, ratified and confirmed.

By order of the Board  
**Hontex International Holdings Company Limited**  
**Shao Ten-Po**  
*Chairman*

Taiwan, 27 July 2012

*As at the date of this notice, the Board comprises four executive Directors, namely, Shao Ten-Po, Tseng Chung-Cheng, Liao Chin-Yi, Liao Min-Chiang, one non-executive Director, namely, Wang Shih-Ting, and three independent non-executive Directors, namely, Lu Chien-An, Chang Chuan-Fang and Chen Fang-Kun.*

*Notes:*

1. Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as those defined in the Company's circular dated 27 July 2012, which is available on the Stock Exchange's website at <http://www.hkexnews.com.hk> and the Company's website at <http://ir.hontex.cn>.
2. The register of members of the Company will be closed from 13 August 2012 (Monday) to 20 August 2012 (Monday), both days inclusive, during which period no transfer of Shares can be registered. In order to qualify to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 10 August 2012 (Friday).
3. Shareholders who are entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote on their behalf. A proxy need not be a Shareholder of the Company but must be present in person at the EGM to represent the Shareholder. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
4. In order to be valid, the proxy form must be deposited by hand or by post to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the EGM or any adjournment thereof. If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof should the Shareholders so wish.
5. Shareholders or their proxies shall produce their identity documents when attending the EGM.
6. Where there are joint registered holders of any Shares, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the Shares shall be accepted to the exclusion of the votes of the other registered holders.
7. The EGM is expected to last for less than one day. Shareholders or their proxies attending the EGM shall be responsible for their own traveling and accommodation expenses.
8. As required by the Listing Rules and the Court Order, the above resolution will be decided by way of poll.

## NOTICE OF EGM

9. It is the current intention of the Board to appoint a financial adviser to advise on resumption of trading of Shares in the Company. As at the Latest Practicable Date, trading in the Shares remains suspended and will remain suspended unless and until approvals are obtained from both the Stock Exchange and the SFC for resumption of trading, which may not be granted. **Shareholders should be aware and reminded that, if the Company loses its listing status, any protection under the Listing Rules as well as the Takeovers Code and Repurchase Code may not be available to the Shareholders.**
10. Your attention is also drawn to (i) the Statement of Agreed Facts, (ii) the Court Order and (iii) the summary of steps on implementation of the Shares Repurchase as attached hereto.