

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board") of Rontex International Holdings Limited (the "Company"), together with its subsidiaries (the "Group"), I am hereby to announce our annual results for the year ended 31 March 2006.

RESULTS AND DIVIDENDS

During the year under review, the Group recorded a turnover of approximately HK\$194,281,000 (2005: HK\$162,122,000), and net loss attributable to shareholders of approximately HK\$36,945,000 (2005: HK\$6,497,000(Restated)).

No dividend was recommended for the year ended 31 March 2006.

BUSINESS REVIEW

The financial performance of the Group fell short of expectation for the year ended 31 March 2006. On one hand, during the year under review, the cost of operations was increased as results of (1) the costs of production increased with the increase in the fuel and labour costs, (2) selling and distribution costs increased with the increase in sales and (3) appreciation of Renminbi. On the other hand, because of keen competitions in garment product market, the room for raise selling price is limited. As a result, it erodes the overall profit margin of our Group's product and performance for the year under review.

During the year under review, the Group has acquired Wisefull International Limited, a company incorporated in Hong Kong, which owns 30% equity interest in 北京朗坤服装有限公司(the "JV Co"), a company incorporated in the PRC, with production facilities in Beijing of engaging in sales and manufacture of woven garment products. We anticipated that the production facilities of the JV Co will reinforce our production capacity to cope with future growth of the Group.

As results of the stringent cost control measures implemented during the year under review, except the impacts from the external circumstances, the costs of operations were under control of the management and the results were obviously reflected on the decrease of the administrative expenses.

LOOKING AHEAD

In view of the recovery of global economy, the Group will continue to (1) reinforce the sales teams to explore more new potential markets for our products and (2) improve the quality of clientele basis, more resources will be shifted to clients with high profit margin.

The Group will also adopt the stringent cost measures continuously; implement conservative strategies on new investments and review the continuity of the past investments.

APPRECIATION

On behalf of the Group, I wish to express my sincere thanks to our management team and employees for their talents and efforts devoted to the Group. I would also like to express my gratitude to our shareholders and business partners for their continuing support to the Group.

Cheung Keng Ching
Chairman

Hong Kong, 25 July 2006

