
REPORT OF THE DIRECTORS

The board of directors (the “Board”) of Rontex International Holdings Limited (the “Company”) presents their report together with the audited financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the year ended 31 March 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 19 to the financial statements. There were no significant changes in the nature of the Group’s principal activities during the year.

RESULTS AND APPROPRIATION

The results of the Group for the year ended 31 March 2006 are set out in the consolidated income statement on page 23.

The state of affairs of the Group and the Company as at 31 March 2006 are set out in the balance sheets on page 24 and 26 respectively.

The board have resolved not to recommend the payment of dividend for the year ended 31 March 2006 (2005: Nil).

SEGMENT INFORMATION

An analysis of the Group’s turnover and contribution to results by principal activity and geographical segments of operations for the year ended 31 March 2006 is set out in note 5 to the financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group is set out on page 82.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 33 to the financial statements and consolidated statement of changes in equity respectively.

As at 31 March 2006, the Company’s reserves available for cash distribution and/or distribution in specie, calculated in accordance with the Companies Law (2001 Second Revision) of the Cayman Islands, amounted to HK\$71,741,000 (2005: HK\$55,692,000). Under the laws of the Cayman Islands, a company may make distributions to its members out of the contributed surplus account under certain circumstances. In addition, the Company’s share premium account amounted to HK\$15,294,000 (2005: HK\$15,282,000) may be distributed in the form of fully paid bonus shares.



PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 18 to the financial statements.

BANK LOANS AND OTHER BORROWING

Particulars of bank loans and other borrowings of the Company and the Group as at 31 March 2006 are set out in note 28 to the financial statements.

SHARE CAPITAL

Details of movements in share capital of the Company are set out in note 32 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

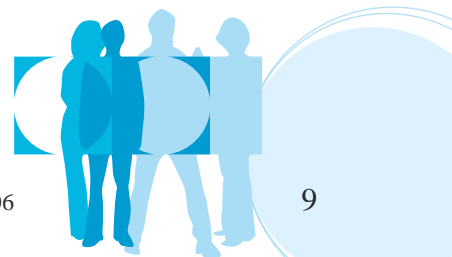
The Company has not redeemed any of its shares during the year. Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 36.43 % of the Group's total turnover for the year. In particular, sales to the largest customer of the Group accounted for approximately 10.20 % of the Group's total turnover for the year.

Purchases from the Group's five largest suppliers accounted for approximately 48.53% of the Group's total purchases for the year. In particular, purchases from the Group's largest supplier accounted for approximately 13.06% of the Group's total purchases for the year.

None of the directors of the Company, their associates or any shareholder (which to the knowledge of the directors of the Company own more than 5% of the Company's issued share capital) had any beneficial interests in the Group's five largest customers or suppliers.



DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors

Mr. Cheung Keng Ching (*Chairman*)

Madam Chou Mei

Mr. Lau Ka Man, Kevin (resigned on 2 November 2005)

Independent non-executive directors

Mr. Chow Chi Kit (resigned on 13 May 2005)

Mr. To Yan Ming, Edmond (resigned on 13 May 2005)

Mr. Hung Muk Ming (resigned on 16 February 2006)

Madam Wong Lai Fong (appointed on 13 May 2005 and resigned on 3 January 2006)

Mr. Wong Kin Tak (appointed on 13 May 2005 and resigned on 3 January 2006)

Mr. Lo Siu Tong, Alfred (appointed on 3 January 2006)

Mr. Wan Ngar Yin, David (appointed on 3 January 2006)

Madam Wong Lai Wah, Ada (appointed on 16 February 2006)

In accordance with article 86(3) of the Company's articles of association, Mr. Lo Siu Tong, Alfred, Mr. Wan Ngar Yin, David and Madam Wong Lai Wah, Ada shall retire and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors of the Company has entered into a service contract with the Company for an initial fixed term of three years commencing from 19 October 2002 and which will continue thereafter until the agreement is terminated by not less than three months' notice in writing served by either party on the other.

All non-executive directors of the Company have no fixed terms of appointment. No independent service agreement has been or will be entered into between the Company and either of the independent non-executive directors.

Save as disclosed above, no director of the Company proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company, its holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.



BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive directors

Mr. Cheung Keng Ching, aged 54, is the founder of the Group and chairman of the Group. Prior to the establishment of the Group in 1987, he was the merchandising manager of a trading company. Mr. Cheung has over 17 years' experience in trading of garment and premium products. He is responsible for the overall business strategy and merchandising functions of the Group. He is the spouse of Madam Chou Mei.

Madam Chou Mei, aged 46, is the co-founder of the Group and an executive director. Madam Chou has over 17 years' experience in trading of garment and premium products. She is responsible for the procurement functions of the Group. Prior to establishing the Group in 1987, she was an executive secretary of a trading company in Taiwan. She is the spouse of Mr. Cheung.

Independent non-executive directors

Mr. Lo Siu Tong, Alfred, aged 57, Mr. Lo is a fellow member of the Institute of Housing, United Kingdom.

Mr. Wan Ngar Yin, David, aged 45, is a member of the CPA Australia, an associate member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Chartered Association of Certified Accountants, a member of Taxation Institute of Hong Kong and a member of Hong Kong Securities Institute.

Madam Wong Lai Wah, Ada, aged 58, has more than 25 years experience in trading.

Senior management

Mr. Han Shen Jun, aged 40, is the director and general manager of Beijing Rontex Garments Co., Ltd. ("Rontex (Beijing)") responsible for the overall financial control and administration of Rontex (Beijing). He has over 10 years of experience in the textile and garment industry.

Mr. Niu Teng, aged 37, is the general manager of Rontex Co., Ltd. responsible for its overall daily operations and management. He has 11 years of experience in textile and trading industries.

Mr. Pan Run Ming, aged 46, is the vice-president of Rontex (Beijing) responsible for the overall management and operations of Rontex (Beijing). He has 17 years of experience in the textile and garment industry. Prior to joining the Rontex (Beijing) in August 2000, he was a manager of a garment manufacturer in Beijing, the PRC for 3 years.



DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

At 31 March 2006, the interests and short positions of the directors of the Company in the shares and underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

(i) Shares of HK\$0.01 each in the Company

Name of Director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
<i>Executive directors:</i>			
Mr. Cheung Keng Ching ("Mr. Cheung") (Note)	Corporate	993,800,000 Long position	60.99%
Madam Chou Mei ("Mrs. Cheung") (Note)	Corporate	993,800,000 Long position	60.99%
<i>Independent non-executive directors:</i>			
Mr. Lo Siu Tong, Alfred	Beneficial Owner	96,000 Long position	0.006%

Note: These shares held by Mr. Cheung and Mrs. Cheung respectively refer to the same parcel of shares which are registered in the name of Star Master International Limited ("Star Master"). The entire issued share capital of Star Master is legally and beneficially owned by Mr. Cheung and Mrs. Cheung as to 50% and 50% respectively. As spouse, Mr. Cheung and Mrs. Cheung are respectively deemed to be interested in the shares held by each other in the Company.

The interest of the directors of the Company in the share options of the Company are separately disclosed in note 35 to the financial statements.



DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (Continued)

(ii) Shares of US\$1.00 each in Star Master, the associated corporation of the Company

Name of Director	Capacity	Number of shares held	Percentage of shareholding
Mr. Cheung	Corporate (Note)	986,400,000 Long position	60.53%
Mrs. Cheung	Corporate (Note)	986,400,000 Long position	60.53%

Note: These shares held by Mr. Cheung and Mrs. Cheung respectively refer to the same parcel of shares. Each of Mr. Cheung and Mrs. Cheung legally and beneficially owns 500 shares each of Star Master. As spouse, Mr. Cheung and Mrs. Cheung are respectively deemed to be interested in the shares held by each other in the Star Master.

Save as disclosed above, and save for nominee shares in certain subsidiaries held in trust for the Group at 31 March 2006, neither the directors of the Company, nor any of their associates, had any interest or short positions in any shares and underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme in note 35 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director of the Company or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors of the Company to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

On 19 October 2002, the Company had adopted a share option scheme (the "Scheme"). Further details of the Scheme and share options granted during the year to the directors and employees of the Company are set out in note 35 to the financial statements.



SUBSTANTIAL SHAREHOLDERS

At 31 March 2006, the following interests of 5% or more in the share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

Name of shareholders	Capacity	Number of shares held	Percentage of the Company's share capital
Star Master (Note)	Beneficial owner	986,400,000 Long position	60.53%
Lu Ming Hui	Beneficial owner	131,200,000 Long position	8.05%

Note: The entire issued share capital of Star Master is legally and beneficially owned by Mr. Cheung and Mrs. Cheung as to 50% and 50% respectively.

Save as disclosed above, no other party was recorded in the register of interests in shares and short positions of substantial shareholders kept pursuant to section 336 of SFO as having an interest in 5% or more of the nominal value of the issued ordinary shares that carry a right to vote in all circumstances at general meetings of the Company.

RETIREMENT SCHEME

Particulars of the retirement scheme of the Group are set out in note 15 to the financial statements.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on Pages 16 and 20 to the annual report.

SUBSEQUENT EVENTS

Details of the significant subsequent events of the Group are set out in note 42 to the financial statements.



AUDITORS

HLB Hodgson Impey Cheng retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of HLB Hodgson Impey Cheng as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Cheung Keng Ching

Chairman

Hong Kong, 25 July 2006

