


RONTEX

RONTEX INTERNATIONAL HOLDINGS LIMITED

朗迪國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1142



RONTEX

2008
Interim Report

* For identification only

Corporate Information

Directors

Executive Directors

Chiu Chi Hong (appointed on 1 September 2008)
Li Wing Sang (Deputy Chairman and Chief Executive Officer)
Lim Ho Sok (appointed on 12 September 2008)
Cheung Keng Ching (resigned on 12 November 2008)
Chou Mei (resigned on 12 November 2008)

Independent Non-executive Directors

Liew Swee Yean (appointed on 3 December 2008)
Tam Tak Wah
Yoshinori Suzuki (appointed on 20 August 2008)
Lo Siu Tong, Alfred (resigned on 28 August 2008)
Wong Lai Wah, Ada (resigned on 5 December 2008)

Company Secretary and Qualified Accountant

Lo Suet Fan

Authorised Representatives

Chiu Chi Hong (appointed on 14 October 2008)
Lo Suet Fan
Cheung Keng Ching (resigned on 14 October 2008)

Audit Committee

Liew Swee Yean (appointed on 3 December 2008)
Tam Tak Wah
Yoshinori Suzuki (appointed on 20 August 2008)
Lo Siu Tong, Alfred (resigned on 28 August 2008)
Wong Lai Wah, Ada (resigned on 5 December 2008)

Remuneration Committee

Li Wing Sang (appointed on 12 November 2008)
Liew Swee Yean (appointed on 3 December 2008)
Tam Tak Wah
Yoshinori Suzuki (appointed on 20 August 2008)
Cheung Keng Ching (resigned on 12 November 2008)
Lo Siu Tong, Alfred (resigned on 28 August 2008)

Auditor

Shu Lun Pan Horwath Hong Kong CPA Limited

Principal Bankers

DBS Bank (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited
The Hong Kong and Shanghai Banking Corporation Limited

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business

23rd Floor
Chun Wo Commercial Centre
23 - 29 Wing Wo Street
Central
Hong Kong

Principal Share Registrar and Transfer Office

Bank of Bermuda (Cayman) Limited
P.O. Box 513 G.T.
Strathvale House
North Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

Hong Kong Branch Share Registrar and Transfer Office

Tricor Tengis Limited
26/F Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

HKEX Stock Code

1142

The board of directors (the “Board”) of Rontex International Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2008 together with the comparative figures as follows:

Condensed Consolidated Income Statement

For the six months ended 30 September 2008

	Notes	Six months ended 30 September	
		2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
Turnover	2	62,029	65,543
Cost of sales		(40,446)	(54,300)
Gross profit		21,583	11,243
Other revenue		12,390	167
Selling and distribution costs		(7,884)	(4,228)
Administrative expenses		(11,889)	(12,929)
Profit/(loss) from operations	3	14,200	(5,747)
Finance costs	4	(3,316)	(1,090)
Net loss from financial instruments designated at fair value through profit or loss		(16)	—
Gain on disposal of available-for-sale investments		—	1,536
Share of results of associates		621	34
Share of results of a jointly-controlled entity		—	(711)
Profit/(loss) before taxation		11,489	(5,978)
Taxation	5	(1,632)	129
Profit/(loss) for the period		9,857	(5,849)

Condensed Consolidated Income Statement (Continued)

For the six months ended 30 September 2008

	Notes	Six months ended 30 September	
		2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
Attributable to:			
Equity holders of the Company		7,629	(5,918)
Minority interests		2,228	69
		9,857	(5,849)
Dividend	6	—	—
Earnings/(loss) per share attributable to equity holders of the Company	7		
Basic (HK cents)		0.269	(0.304)
Diluted (HK cents)		0.266	N/A

Condensed Consolidated Balance Sheet

	Notes	As at 30 September 2008 (unaudited) HK\$'000	As at 31 March 2008 (audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Goodwill	14	205,041	—
Intangible assets	9 & 14	39,915	—
Leasehold land and land use rights		—	7,530
Properties, plant and equipment	8	1,039	9,587
Interests in associates		15,139	14,670
Available-for-sale investments		745	—
Deposit and direct costs paid for acquisition of a subsidiary	14	—	12,071
		261,879	43,858
Current assets			
Property held for sale		—	7,332
Trading securities		262	278
Inventories		305	2,645
Trade receivables	10	25,490	7,451
Prepayments, deposits and other receivables		5,341	467
Cash and cash equivalents		14,672	19,322
		46,070	37,495
Assets classified as held for sale	15	11,958	—
		58,028	37,495

Condensed Consolidated Balance Sheet (Continued)

	Notes	As at 30 September 2008 (unaudited) HK\$'000	As at 31 March 2008 (audited) HK\$'000
Current liabilities			
Interest-bearing bank borrowings, secured		6,158	11,203
Promissory notes	12	9,881	—
Trade payables	11	5,986	4,866
Other payables and accrued expenses and deposits received		9,755	12,795
Current tax liabilities		1,547	39
Amounts due to directors	19(b)	959	4,277
Amount due to a minority shareholder of a subsidiary	19(c)	1,639	—
		35,925	33,180
Liabilities associated with assets classified as held for sale	15	10,244	—
		46,169	33,180
Net current assets		11,859	4,315
Total assets less current liabilities		273,738	48,173
Non-current liabilities			
Promissory notes	12	50,603	—
Deferred tax liabilities		9,979	—
		60,582	—
Net assets		213,156	48,173
Equity			
Share capital	13	28,475	20,475
Reserves		163,567	26,697
Equity attributable to equity holders of the Company		192,042	47,172
Minority interests		21,114	1,001
Total equity		213,156	48,173

Condensed Consolidated Statement of Change in Equity

For the six months ended 30 September 2008

The Group	Share	Share	Contributed	Translation	Equity settled	Warrant	Capital	Available-	Available-	Minority	Total	
	capital	premium	surplus	Reserve	share	reserve	reserve	for-sale (Accumulated	investments			losses)/
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 April 2008	20,475	40,553	918	2,375	4,566	3,688	4,233	–	(29,636)	47,172	1,001	48,173
Exchange difference arising on translation of overseas operations	–	–	–	(148)	–	–	–	–	–	(148)	5	(143)
Change in fair value of available-for-sale investments	–	–	–	–	–	–	–	(230)	–	(230)	–	(230)
Profit for the period	–	–	–	–	–	–	–	–	7,629	7,629	2,228	9,857
Total income and expenses for the period	–	–	–	(148)	–	–	–	(230)	7,629	7,251	2,233	9,484
Issue of new shares on acquisition of a subsidiary	7,900	125,610	–	–	–	–	–	–	–	133,510	–	133,510
Premium received on issue of warrants	–	–	–	–	–	1,648	–	–	–	1,648	–	1,648
Issue of new shares on exercise of warrants	100	794	–	–	–	(94)	–	–	–	800	–	800
Grant of share options	–	–	–	–	1,661	–	–	–	–	1,661	–	1,661
Minority interests arising on the acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	17,880	17,880
As at 30 September 2008	28,475	166,957	918	2,227	6,227	5,242	4,233	(230)	(22,007)	192,042	21,114	213,156

Condensed Consolidated Statement of Change in Equity (Continued)

For the six months ended 30 September 2007

The Group	Share capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Contributed surplus (unaudited) HK\$'000	Translation Reserve (unaudited) HK\$'000	Equity settled	Warrant reserve (unaudited) HK\$'000	Capital reserve (unaudited) HK\$'000	Available-for-sale (Accumulated)		Sub-total (unaudited) HK\$'000	Minority interests (unaudited) HK\$'000	Total equity (unaudited) HK\$'000
					share option reserve (unaudited) HK\$'000			investments revaluation reserve (unaudited) HK\$'000	losses/retained profits (unaudited) HK\$'000			
			(Note below)									
As at 1 April 2007	18,075	22,594	918	1,455	257	1,501	4,233	885	(16,815)	33,103	2,488	35,591
Exchange difference arising on translation of overseas operations	-	-	-	424	-	-	-	-	-	424	71	495
Recognised in the income statement on disposal of available-for-sale investments	-	-	-	-	-	-	-	(885)	-	(885)	-	(885)
Loss for the period	-	-	-	-	-	-	-	-	(5,918)	(5,918)	69	(5,849)
Total income and expenses for the period	-	-	-	424	-	-	-	(885)	(5,918)	(6,379)	140	(6,239)
Issue of new shares on exercise of warrants	1,700	7,099	-	-	-	(1,501)	-	-	-	7,298	-	7,298
Issue of new shares on exercise of share options	415	1,668	-	-	(257)	-	-	-	-	1,826	-	1,826
Grant of share options	-	-	-	-	4,566	-	-	-	-	4,566	-	4,566
As at 30 September 2007	20,190	31,361	918	1,879	4,566	-	4,233	-	(22,733)	40,414	2,628	43,042

Note: As at the balance sheet date, the contributed surplus of the Group represents the difference between the nominal value of share capital of the subsidiaries acquired pursuant to the Group reorganisation during the year ended 31 March 2003, over the nominal value of the shares of the Company issued in exchange therefor.

Condensed Consolidated Cash Flow Statement

	Six months ended 30 September	
	2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
Net cash outflow from operating activities	(9,230)	(4,019)
Net cash inflow from investing activities	8,760	2,876
Net cash (outflow)/inflow from financing activities	(4,679)	8,232
Effect on foreign exchange rate changes	562	(120)
Net (decrease)/increase in cash and cash equivalents	(4,587)	6,969
Cash and cash equivalents at beginning of the period	19,322	3,964
Cash and cash equivalents at end of the period	14,735	10,933
Analysis of the balance of cash and cash equivalents		
Cash and bank balances	14,672	7,625
Fixed deposits	—	3,308
Cash and cash equivalents attributable to assets classified as held for sale	63	—
	14,735	10,933

Notes to the Unaudited Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis modified by the revaluation of available-for-sale investments, and trading securities which are carried at fair value.

These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2008. The accounting policies and method of computation used in the preparation of unaudited condensed consolidated financial statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 March 2008.

In the current interim period, the Group has applied, for the first time, new Hong Kong Financial Reporting Standards (“HKFRSs”) (which also included HKASs and Interpretations) issued by the HKICPA, which are effective for the current accounting period. The adoption of the new standards, amendments and interpretations had no material effect on how the results for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required arising from adoption of these new HKFRSs.

Impact of issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The Board anticipates that the application of these HKFRSs will have no material impact on the financial statements of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC)-INT 13	Customer Loyalty Programmes ³
HK(IFRIC)-INT 15	Agreements for the Construction of Real Estate ¹
HK(IFRIC)-INT 16	Hedges of a Net Investment in a Foreign Operation ⁴

¹ Effective for accounting periods beginning on or after 1 January 2009.

² Effective for accounting periods beginning on or after 1 July 2009.

³ Effective for accounting periods beginning on or after 1 July 2008.

⁴ Effective for accounting periods beginning on or after 1 October 2008.

The Board is in the process of assessing the impact of the new, revised or amended standards or interpretations on the results and the financial position of the Group.

These unaudited condensed consolidated interim financial statements have not been audited by the Company’s auditor, but have been reviewed by the Audit Committee of the Company and were approved by the Board on 17 December 2008.

2. TURNOVER AND SEGMENT INFORMATION

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segments), or in providing products or services within a particular economic environment (geographical segments), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has determined that business segments as the primary reporting format and geographical segments information as the secondary reporting format.

In determining the Group's geographical segments, revenues and results are based on the location in which the customer is located.

(a) Business segments

The following table provides an analysis of the Group's sales by its business segments:

	Six months ended 30 September 2008			Total
	Garment	Premium	Digital television technology service	(unaudited)
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenues	42,459	4,230	15,340	62,029
Segment results	489	225	7,851	8,565
Unallocated corporate revenues				11,514
Unallocated corporate expenses				(5,879)
Finance costs				(3,316)
Net loss from financial instruments designated at fair value through profit or loss				(16)
Gain on disposal of available-for-sale investments				—
Share of results of associates				621
Share of results of a jointly-controlled entity				—
Profit before taxation				11,489
Taxation				(1,632)
Profit for the period				9,857

2. TURNOVER AND SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

	Six months ended 30 September 2007			
	Garment (unaudited) HK\$'000	Premium (unaudited) HK\$'000	Digital television technology service (unaudited) HK\$'000	Total (unaudited) HK\$'000
Segment revenues	60,285	5,258	—	65,543
Segment results	(235)	232	—	(3)
Unallocated corporate revenues				90
Unallocated corporate expenses				(5,834)
Finance costs				(1,090)
Gain on disposal of available-for-sale investments				1,536
Share of results of associates				34
Share of results of a jointly-controlled entity				(711)
Loss before taxation				(5,978)
Taxation				129
Loss for the period				(5,849)

(b) Geographical segments

	Six months ended 30 September 2008			
	The People's Republic of China			Total
	Chile (unaudited) HK\$'000	(the "PRC") (unaudited) HK\$'000	Others (unaudited) HK\$'000	(unaudited) HK\$'000
Segment revenues	33,973	15,506	12,550	62,029
Segment results	346	7,692	527	8,565

	Six months ended 30 September 2007			
	Chile (unaudited) HK\$'000	PRC (unaudited) HK\$'000	Others (unaudited) HK\$'000	Total (unaudited) HK\$'000
Segment revenues	34,449	15,972	15,122	65,543
Segment results	(874)	362	509	(3)

3. PROFIT/(LOSS) FROM OPERATIONS

Profit/(loss) from operations has been arrived at after charging/(crediting) the following:

	Six months ended 30 September	
	2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
Amortisation — intangible assets	1,322	—
Amortisation — leasehold land and land use rights	23	63
Depreciation	396	428
Interest income	(38)	(112)
Equity-settled share option expenses to consultants	1,661	—
Equity-settled share option expenses to employees	—	3,805
Gain on disposal of properties, plant and equipment	(1,431)	—
Gain on disposal of property held for sale	(10,074)	—
Exchange (gains)/losses, net	102	(11)

4. FINANCE COSTS

	Six months ended 30 September	
	2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
Interest expenses on		
Bank loans and overdrafts wholly repayable within five years	183	218
Import and export loans wholly repayable within five years	147	275
Other interest	—	5
Imputed interests on promissory notes	2,414	—
	2,744	498
Bank charges	572	592
	3,316	1,090

5. TAXATION

	Six months ended 30 September	
	2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
Current tax — Hong Kong	—	(129)
Current tax — PRC	1,963	—
Deferred tax — PRC	(331)	—
	1,632	(129)

No provision had been made for Hong Kong profits tax as the Hong Kong subsidiaries of the Group had utilised its tax losses to offset against profits for the current period. Provision for Hong Kong profits tax was calculated at 17.5% on the estimated assessable profits for the prior period. Under the relevant PRC income tax law, the PRC subsidiaries of the Group are subject to income tax at a rate of 25% on their respective taxation income during the current period. No provision for overseas taxation has been made in the financial statements as the overseas subsidiaries sustained losses during the current and prior periods.

6. DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2008 (2007: Nil).

7. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share is based on the following data:

	Six months ended 30 September	
	2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
Profit/(loss) attributable to equity holders of the Company	7,629	(5,918)

	30 September	
Number of shares	2008	2007
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	2,839,167,867	1,943,413,867
Effect of dilutive potential ordinary shares:		
Share options	1,948,380	
Warrants	24,258,830	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,865,375,077	

Diluted loss per share for the period ended 30 September 2007 had not been presented as there were no dilutive potential ordinary shares in existence during the period.

8. PROPERTIES, PLANT AND EQUIPMENT

During the period under review, the Group had addition to properties, plant and equipment amounted HK\$793,000 (2007: HK\$63,000) and disposal of properties, plant and equipment at carrying values of approximately HK\$2,202,000 (2007: HK\$Nil).

9. INTANGIBLE ASSETS

	2008 (unaudited) HK\$'000
Client relationship	
Cost	
At 1 April 2008	—
Arising from acquisition of a subsidiary	41,237
At 30 September 2008	41,237
Accumulated amortisation	
At 1 April 2008	—
Charge for the period	1,322
At 30 September 2008	1,322
Net carrying value	
At 30 September 2008	39,915
At 31 March 2008	—

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

10. TRADE RECEIVABLES

The Group allows an average credit term of 60 to 90 days to its trade customers for garment trading business. For digital television technology business, because of the industry nature in the PRC, certain well-established customers having strong financial strength, good repayment history and high creditworthiness, the terms are extended beyond 90 days. The aged analysis of trade receivables of the Group at the balance sheet date is as follows:

	As at 30 September 2008 (unaudited) HK\$'000	As at 31 March 2008 (audited) HK\$'000
Within 30 days	12,324	707
31 to 60 days	2,942	1,884
61 to 90 days	4,816	2,923
Over 90 days	5,408	2,014
	25,490	7,528
Less: allowance for doubtful debts	—	(77)
	25,490	7,451

The Board considers that the carrying amounts of the Group's trade receivables approximate to their fair values.

11. TRADE PAYABLES

The Group receives an average credit period of 30 to 90 days from its trade suppliers. The aged analysis of trade payables of the Group at the balance sheet date is as follows:

	As at 30 September 2008 (unaudited) HK\$'000	As at 31 March 2008 (audited) HK\$'000
Within 30 days	2,535	2,182
31 to 60 days	1,449	1,028
61 to 90 days	290	645
Over 90 days	1,712	1,011
	5,986	4,866

The Board considers that the carrying amounts of the Group's trade payables approximate to their fair values.

12. PROMISSORY NOTES

	Notes	(unaudited) HK\$'000
At 31 March 2008 and 1 April 2008		—
Issued during the period	(a)	68,070
Repaid during the period		(10,000)
Interest charge		2,414
At 30 September 2008		60,484
Within 1 year and included in current liabilities		9,881
After 1 year and included in non-current liabilities		
— After 2 years but within 5 years		50,603
		60,484

Note:

- (a) On 25 April 2008, three promissory notes in the aggregate principal amount of HK\$100,000,000 were issued by Century Power (China) Limited ("Century Power"), an indirect wholly owned subsidiary of the Company in connection with the acquisition of 51% equity interest in DTVChina, Inc. ("DTVChina"). Pursuant to the sale and purchase agreement dated 29 January 2008 entered by Century Power, DTV China Holdings Limited ("DTV China Holdings"), the seller of DTVChina, and Mr. Li Yi Nan, the wholly owner of DTV China Holdings, two promissory notes in the aggregate principal amount of HK\$80,000,000 were issued upon the completion of the acquisition of 51% equity interests in DTVChina as partial consideration. The promissory notes are not interest bearing and are payable in one lump sum on maturity of five years. The fair value of the two promissory notes in the aggregate principal amount of HK\$80,000,000 is approximately HK\$48,539,000, as at the issue date, based on the professional valuation performed by RHL Appraisal Limited. The effective interest rate of the promissory notes is determined to be 10.035% per annum. The promissory notes are classified as non-current liabilities and are carried on the amortised cost basis until extinguished on redemption. Taking into account the accrued effective interest of HK\$2,064,000, the carrying amount of promissory notes amounted to HK\$50,603,000 as at 30 September 2008.

Pursuant to the supplemental agreement dated 24 April 2008 entered into by Century Power and DTV China Holdings, another promissory note in the principal amount of HK\$20,000,000 was issued by Century Power as partial consideration for the acquisition of 51% equity interest in DTVChina. The promissory note has no interest bearing and is repayable in one lump sum on 30 September 2008. The fair value of the promissory note in the principal amount of HK\$20,000,000 is approximately HK\$19,531,000, as at the issue date, based on the professional valuation performed by RHL Appraisal Limited. The effective interest rate of the promissory notes is determined to be 4.75% per annum. HK\$10,000,000 out of the principal sum was repaid before 30 September 2008. On 30 September 2008, Century Power and DTV China Holdings had entered into an amendment and restatement agreement to extend the maturity date for the outstanding principal amount of HK\$10,000,000 from 30 September 2008 to 30 December 2008. The promissory note is classified as current liabilities and is carried on the amortised cost basis until extinguished on redemption. Taking into account the accrued effective interest of HK\$350,000, the carrying amount of the promissory note amounted to HK\$9,881,000 as at 30 September 2008.

13. SHARE CAPITAL

Ordinary shares of HK\$0.01 each	Number of shares		Nominal value	
	As at 30 September 2008 (unaudited)	As at 31 March 2008 (audited)	As at 30 September 2008 (unaudited) HK\$'000	As at 31 March 2008 (audited) HK\$'000
Authorised:	10,000,000,000	10,000,000,000	100,000	100,000
Issued and fully paid:				
At beginning of the period/year	2,047,501,200	1,807,497,200	20,475	18,075
Exercise of warrants (note (i))	10,000,000	170,000,000	100	1,700
Exercise of share options	–	70,004,000	–	700
Issue of shares for acquisition of a subsidiary (Note 14)	790,000,000	–	7,900	–
At end of the period/year	2,847,501,200	2,047,501,200	28,475	20,475

All shares issued by the Company rank pari passu with the then existing shares in all respects.

Note:

- (i) During the period ended 30 September 2008, 10,000,000 new ordinary shares of par value HK\$0.01 each were issued at a subscription price of HK\$0.08 each on exercise of 10,000,000 warrants with an aggregate consideration of HK\$800,000, of which HK\$100,000 was credited to share capital and the remaining balance of HK\$700,000 was credited to the share premium account. In addition, the related net premium of HK\$94,000 received on issue of warrants has been transferred from capital reserve to the share premium account.

14. BUSINESS COMBINATION

Acquisition of a subsidiary – DTVChina

On 25 April 2008, the Group acquired 51% equity interest in DTVChina from DTV China Holdings, an independent third party at a total consideration of HK\$253,510,000, of which HK\$20,000,000 was satisfied in cash, HK\$100,000,000 by way of issuing the promissory notes and HK\$133,510,000 was satisfied by the issue of 790,000,000 shares (Note 13) of HK\$0.01 each of the Company. DTVChina is an investment holding company with its subsidiary engaging in provision of digital television technology services, including digital video-on-demand system, information broadcasting system and embedded television system.

Details of net assets acquired and goodwill are as follows:

The assets and liabilities arising from the acquisition are as follows:	Acquirees'	Fair value	Fair value
	carrying amount before business combination	adjustments	
	HK\$'000	HK\$'000	HK\$'000
Properties, plant and equipment	86	—	86
Intangible assets	—	41,237	41,237
Inventories	1,205	—	1,205
Accounts receivables	4,429	—	4,429
Other receivables, deposits and prepayments	2,324	—	2,324
Cash and cash equivalents	2,630	—	2,630
Accounts payables	(986)	—	(986)
Amount due to a minority shareholder	(1,644)	—	(1,644)
Other payables, accrued expenses and deposits received	(2,098)	—	(2,098)
Tax payables	(384)	—	(384)
Deferred tax liabilities	—	(10,309)	(10,309)
Net assets acquired	5,562	30,928	36,490
Less: 49% of interest owned by a minority shareholder			(17,880)
Fair value of net assets acquired			18,610
Goodwill arisen from acquisition			205,041
Total consideration			223,651
Consideration satisfied by:			
Cash paid			10,000
Shares of the Company-at fair value			133,510
Promissory notes-at fair value (Note 12)			68,070
Deposits and direct costs paid for acquisition of a subsidiary			12,071
			223,651
Net cash outflow arising from acquisition:			
Consideration paid in cash			(10,000)
Cash and cash equivalent balances acquired			2,630
			(7,370)

14. BUSINESS COMBINATION (Continued)

Acquisition of a subsidiary – DTVChina (Continued)

The fair value of the 790,000,000 ordinary shares of the Company issued as part of the consideration was determined with reference to the market share price of HK\$0.169 of the Company's shares at the acquisition date, at the total fair value of HK\$133,510,000 of which HK\$7,900,000 was credited to share capital and the remaining balance of HK\$125,610,000 was credited to the share premium account.

During the six months ended 30 September 2008, the subsidiary generated revenue and net profit of HK\$15,340,000 and HK\$4,753,000 respectively. Since the acquisition date, the subsidiary contributed HK\$15,340,000 to the Group's revenue and HK\$4,883,000 to the Group's consolidated profit for the period.

15. ASSETS/(LIABILITIES) CLASSIFIED AS HELD FOR SALE

As at 30 September 2008, the Board considers that the Group's interest in Huzhou Ronco Sweater Company Limited ("Huzhou Ronco"), its subsidiary, will be recovered principally through a sale transaction rather than through continuing use, as the interest in Huzhou Ronco is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable as at the balance sheet date. On 27 October 2008, a sale and purchase agreement was entered into with an independent third party to dispose the Group's entire 52% equity interests of Huzhou Ronco.

The major classes of assets and liabilities of Huzhou Ronco at 30 September 2008 which are classified as assets/liabilities held for sale are as follows:

	Carrying amount upon being classified as held for sale HK\$'000
Assets	
Leasehold land and land use rights	1,801
Properties, plant and equipment	6,292
Inventories	2,588
Trade and other receivables	1,016
Prepayment	198
Bank balance and cash	63
Assets classified as held for sale	11,958
Liabilities	
Bank loan	7,920
Trade and other payables	2,191
Trade deposits received	4
Provision for taxation	129
Liabilities associated with assets classified as held for sale	10,244
Net assets of operation classified as held for sale	1,714

The trade debtor balances included in trade and other receivables aged within 60 to 90 days. The trade creditor balances included in trade and other payables aged within 90 days.

16. PLEDGE OF ASSETS

As at 30 September 2008, the Group's banking facilities were secured by the following:

- (a) Pledge of certain of the Group's available-for-sale investments, pledged bank balances and leasehold land of the assets classified as held for sale with aggregate net carrying value of approximately HK\$745,000 (31 March 2008: HK\$Nil), HK\$4,559,000 (31 March 2008: HK\$Nil) and HK\$1,801,000 (31 March 2008: HK\$ 1,840,000), respectively;
- (b) Cross guarantees among the subsidiaries of the Company;
- (c) Assignment of documentary credit issued in favour of a subsidiary;
- (d) Pledge of a property of a former director of the Company, Mr. Cheung Keng Ching;
- (e) Corporate guarantee executed by a third party; and
- (f) Corporate guarantee executed by the Company.

17. CONTINGENT LIABILITIES

As at 30 September 2008 and 31 March 2008, there were contingent liabilities in respect of :

	As at 30 September 2008 (unaudited) HK\$'000	As at 31 March 2008 (audited) HK\$'000
Long service payments	270	265

The Group is liable to make long service payments upon the termination of employment of certain employees who have completed the required number of years of services and met the required circumstances under the Employment Ordinance. No provision has been made therefor in the financial statements as the Board is of the view that it is not probable that the amount will crystallise in the foreseeable future.

18. CAPITAL COMMITMENTS

As at 30 September 2008 and 31 March 2008, the Group did not have any significant capital commitments.

19. RELATED PARTY TRANSACTIONS

- (a) Transactions and amounts with related parties

On 1 August 2008, the Group entered into a provisional sale agreement to dispose one of its properties for a cash consideration of HK\$9,500,000 to the former executive director of the Company, Mr. Cheung Keng Ching. The disposal was completed on 26 September 2008. After completion, the property was pledged to secure a banking facilities granted to the Group. As at 30 September 2008, the total cash consideration had been received by the Group.

- (b) As at 30 September 2008, the Group had aggregate amounts due to directors of approximately HK\$959,000 (31 March 2008: HK\$4,277,000). The amounts are unsecured, interest free and have no fixed terms of repayment.
- (c) The amount due to a minority shareholder of a subsidiary of HK\$1,639,000 (31 March 2008: HK\$Nil) are unsecured, interest free and have no fixed terms of repayment.
- (d) Compensation of key management personnel of the Group

	Six months ended 30 September	
	2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
Directors' remuneration		
— Executive directors	1,840	1,393
— Independent non-executive directors	145	97
— Equity-settled share option expenses to a director	—	761
	1,985	2,251

20. SIGNIFICANT POST BALANCE SHEET EVENTS

- (a) On 27 October 2008, Ronco Trading Company Limited, an indirect wholly owned subsidiary of the Company, entered into a conditional agreement with an independent third party for the disposal of its 52% entire equity interests in Huzhou Ronco at a cash consideration of Renminbi ("RMB") 770,000 as set out in the Company's announcement dated 28 October 2008. The disposal of Huzhou Ronco was subsequently completed on 10 December 2008.
- (b) On 31 October 2008, Grandvest International Limited, a wholly-owned subsidiary of the Company, entered into a conditional acquisition agreement with an independent third party and to acquire 90% of the issued share capital of Langfeld Enterprises Limited at a consideration of United States dollars ("US\$") 253,000,000 (or equivalent to approximately HK\$1,973,400,000) as set out in the Company's announcement dated 14 November 2008.

21. COMPARATIVE FIGURES

Certain comparative amounts have been reclassified to conform with the current period's presentation.

Financial Review

For the six months ended 30 September 2008, the Group recorded a turnover of approximately HK\$62,029,000 (2007: HK\$65,543,000), a decrease of approximately 5.4% as compared to the corresponding period in previous year. Intense competition in the garment industry has made the Group having to face a general trend of fall in the selling prices of garment products which reduced its turnover. The turnover of garment segment for the current period was approximately HK\$42,459,000 which has been decreased by 29.6% as compared with the pervious period of approximately HK\$60,285,000. The decrease in the Group's turnover was partly offset by the turnover attributed by the business of digital television services which amounting to approximately HK\$15,340,000. This business was newly explored in the current period. The overall gross profit increased by 92.0% which mainly attributed from the new business of digital television services.

Profit from operations was recorded at approximately HK\$14,200,000 (2007: loss of HK\$5,747,000). The improvement was mainly due to a higher gross profit margin achieved from the digital television services over the garment and premium products and a gain on disposal of its property held for sales and disposal of a property in the current period.

During the period under review, the Group recorded a profit attributable to equity holders of approximately HK\$7,629,000 (2007: loss of HK\$5,918,000) resulted from the improvement in operating results.

Operation Review

Digital Television Technology Services

The Group acquired 51% equity interests in DTVChina, Inc. and its subsidiary, EnReach Information Technology (Shanghai) Company Limited (“EnReach”), so as to enter into the digital television broadcasting industry in the PRC. EnReach recorded a revenue of approximately HK\$15,340,000, representing a profit of about HK\$7,851,000 in this business segments during the period under review. EnReach is the pioneer company which invests in cable video-on-demand (“VOD”) system and possesses various self-developed patents and copyrights of digital television technology. EnReach has signed sales and service agreements with the State Administration of Radio, Film and Television and digital television broadcasting related enterprises over for 130 cities in the PRC since its incorporation in 2007. The Board anticipates that Digital Television Technology business will gradually become a major source of revenue and profit of the Company.

Garment Products

Garment products continue to be one of the major businesses of the Group, which are responsible for 68.5% (2007: 92.0%) of the Group’s turnover. Revenue derived from the garment products business decreased by 29.6% to approximately HK\$42,459,000. The decrease in turnover was mainly due to the reduction of garment products’ selling prices resulting from the keen competition of the market and the unsatisfactory performance of the PRC joint venture which was subsequently disposed.

Premium Products

For the six months ended 30 September 2008, premium products accounted for approximately 6.8% (2007: 8.0%) of the Group’s turnover. The revenue and profit from operations of premium products business were approximately HK\$4,230,000 (2007: HK\$5,258,000) and HK\$225,000 (2007: HK\$232,000) respectively.

Prospects

Looking forward, the side-effects of the US sub-prime crisis emerge gradually. The White House announced that the US economy is driving into recession which China as well as Hong Kong's economy are inevitably be affected. However, the government of the PRC is striving to maintain the economic growth steadily. Therefore, the negative impact to the Group may be lessened due to the Group's digital television technology services are mainly targeted in the PRC and the rising demand of digital television technology in the PRC.

The Group will keep on expanding the existing digital television technology services business, including cable video-on-demand system, digital broadcasting system, embedded television system and browser middleware in set-top box. The Group also intends to develop new value-added services including television shopping, TV games and information channels etc. The Board believes that these businesses can consolidate the Group's portfolio of digital television technology business in the PRC.

The Group has recorded segments result of approximately HK\$489,000 in garment products business segments due to the keen competition within the field. The economic turmoil seriously hit the global retail market and thus, a worse business performance is expected. In view of this, the Group will gradually step out the garment products segments so as to make more effort to the promising business.

The Group has been seeking investment opportunities to diversify its business in order to expand the profit base. The Group has entered into a conditional agreement to acquire a 90% interests in Langfeld Enterprises Limited, an investment holdings company incorporated in the Republic of Cyprus, which holds 70% stake in a coal mining company in Russia, with a consideration of not less than approximately HK\$1,973,000,000. The Group will step into the coal mining industry in Russia. It signifies an important step of the diversification of the Group. The transaction is subject to the approval of the shareholders in the forthcoming extraordinary general meeting.

The operating environment will be very challenging in the near future due to the global economic recession. The Group on one hand will solicit new business opportunities so as to meet the challenges ahead. On the other hand, the Group will take measures to improve the cost efficiency and reinforce the financial strength. The Board is prudently optimistic to the business outlook.

Liquidity and Financial Resources

As at 30 September 2008, the Group had net current assets of approximately HK\$11,859,000 (31 March 2008: HK\$4,315,000). The Group's current ratio, as a ratio of current assets to current liabilities, increased to 125.7% (31 March 2008: 113.0%) and the Group's gearing ratio, the ratio of total interest-bearing borrowings to total assets, reduced to a lower level of 1.9% (31 March 2008: 13.8%).

The Group generally finances its operations with internally generated cash flow, facilities provided by its banks in Hong Kong and the PRC and through capital market available to listed companies in Hong Kong. During the period under review, the Group recorded a net cash outflow of approximately HK\$4,587,000 (2007: cash inflow HK\$6,969,000), which reduced its total cash and cash equivalents to approximately HK\$14,735,000 (2007: HK\$10,933,000) as at 30 September 2008.

Exposure to Fluctuation in Exchange Rates and Related Hedges

Interest-bearing bank borrowings of the Group as at 30 September 2008 included no bank loans (31 March 2008: HK\$6,900,000). As the Group's transactions are mostly settled by Hong Kong dollars, Renminbi and United States dollars and the existing currency peg of Hong Kong dollars with United States dollars will likely to continue in the near future; the exposure to foreign exchange fluctuation is minimal, however, the use of financial instruments for hedging purpose will be considered when necessary.

Contingent Liabilities

As at 30 September 2008, the Group had contingent liabilities arising from long service payments of approximately HK\$270,000 (31 March 2008: HK\$265,000).

Capital Commitment

The Group had no material commitment as at 30 September 2008.

Employees and Remuneration Policies

As at 30 September 2008, the Group had approximately 80 staff in Hong Kong and the PRC (31 March 2008: 110).

The Group's remuneration policy is reviewed periodically and determined largely based on industry practice, company performance and individual qualifications and performance. Remuneration packages comprise salary, commissions and bonuses based on individual performance. Share options may also be granted to eligible employees of the Group.

Pledge of Assets

The Group's banking facilities were secured against the Group's available-for-sale investments, pledged bank balances and leasehold land of the assets classified as held for sale with a total carrying value of approximately HK\$7,105,000 as at 30 September 2008 (31 March 2008: the Group's property held for sale, leasehold land and buildings totalling HK\$17,100,000).

Directors' Interests and Short Positions in Shares and Underlying Shares of the Company

At 30 September 2008, the interests of the directors, chief executives and their associates in shares, 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:

Shares of HK\$0.01 each in the Company

Name of director	Capacity	Number of shares held	Percentage of shareholding
Executive directors:			
Mr. Cheung Keng Ching ("Mr. Cheung") (Note 1 & 2)	Interest in controlled corporation	28,600,000 Long position	1.00%
	Interest in spouse	200,000	0.01%
Ms. Chou Mei ("Ms. Chou") (Note 1 & 2)	Interest in controlled corporation	28,600,000 Long position	1.00%
	Beneficial owner	200,000 Long position	0.01%
Mr. Lim Ho Sok ("Mr. Lim") (Note 3)	Interest in controlled corporation	560,000,000 Long position	19.67%

Directors' Interests and Short Positions in Shares and Underlying Shares of the Company (Continued)

Note 1: These 28,600,000 shares are beneficially held by Star Master International Limited ("Star Master"). The entire issued share capital of Star Master is legally and beneficially owned by Mr. Cheung and Ms. Chou as to 50% and 50% respectively.

Note 2: As spouse, Mr. Cheung and Ms. Chou are respectively deemed to be interested in the shares held by each other in the Company. As such, Mr. Cheung is deemed to be interested in the 200,000 shares beneficially owned by Ms. Chou.

Note 3: These 560,000,000 shares are held by Goldwyn Management Limited ("Goldwyn"), a company wholly-owned by Mr. Lim.

Note 4: Mr. Li Wing Sang ("Mr. Li") and Mr. Chiu Chi Hong ("Mr. Chiu") each owns 19,560,000 shares options respectively under the share option scheme of the Company which confers each of them the rights to acquire 19,560,000 shares, details of which are separately disclosed in the section "Share Option Scheme" below.

Save as disclosed above, and save for nominee shares in certain subsidiaries held in trust for the Group at 30 September 2008, none of the directors or any of their associates or chief executives of the Company (as defined in the Listing Rules) had any interests or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations which are required to be notified to the Company and the Stock Exchange pursuant to SFO (including interests which they are taken or deemed to have under SFO) or which are, pursuant to Section 352 of SFO, entered in the register referred to therein or, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as otherwise notified to the Company and the Stock Exchange.

Share Option Scheme

Pursuant to the share option scheme (the “Scheme”) approved and adopted by the Company on 19 October 2002, share options were granted to subscribe for shares in the Company in accordance with the terms of the Scheme. There were no changes in any terms of the Scheme during the six months ended 30 September 2008. The detailed terms of the Scheme were disclosed in the 2008 annual report of the Company.

Movements in the Company’s share options during the period under review are as follows:

Name or category of participant	As at 1 April 2008	Granted during period	Exercised during period	Lapsed during period	As at 30 September 2008	Date of grant of share option*	Exercise period of share options	Exercise price of share options HK\$
Directors								
Mr. Li	19,560,000	–	–	–	19,560,000	10/09/2007	10/09/2007 to 09/09/2017	0.2226
Mr. Chiu	19,560,000	–	–	–	19,560,000	10/09/2007	10/09/2007 to 09/09/2017	0.2226
Employees other than directors								
In aggregate	78,240,000	–	–	–	78,240,000	10/09/2007	10/09/2007 to 09/09/2017	0.2226
Consultants								
In aggregate	–	56,000,000	–	–	56,000,000	04/09/2008	04/09/2008 to 03/09/2018	0.1102
	117,360,000	56,000,000	–	–	173,360,000			

* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

** The number of issuable shares and the exercise price of the share options are subject to adjustment in the case of capitalization issue, rights issue, sub-division or consolidation of the Company’s shares or reduction of capital of the Company.

Share Option Scheme (*Continued*)

Each option gives the holder the right to subscribe for one share. As at 30 September 2008, the Company has 173,360,000 share options outstanding under the Scheme. The exercise of the entire outstanding share options would, under the capital structure of the Company as at 30 September 2008, result in the issue of 173,360,000 additional ordinary shares of HK\$0.01 each of the Company and additional share capital of 1,733,600 and share premium account of approximately HK\$30,562,000 (before issue expenses).

The fair value of the share options granted during the period ended 30 September 2008 was estimated at approximately HK\$1,661,000 which was recognised as a share option expenses during the period.

Substantial Shareholders

As at 30 September 2008 and so far as is known to the Board and according to the register of interests in shares and short positions of substantial shareholders maintained by the Company under Section 336 of the SFO, the following persons (other than the directors disclosed under the heading "Directors' interests in shares" above) has interest of 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:

Name of shareholders	Capacity	Number of shares held	Percentage of the shareholding
DTV China Holdings (Note 1)	Beneficial owner	648,000,000 Long position	22.76%
Goldwyn (Note 2)	Beneficial owner	560,000,000 Long position	19.67%
Plenty Holdings Limited ("Plenty") (Note 3)	Beneficial owner	260,000,000 Long position	9.13%

Substantial Shareholders (*Continued*)

Note 1: The entire issued share capital of DTV China Holdings is beneficially owned by Mr. Li Yi Nan. By virtue of the SFO, Mr. Li Yi Nan and Ms. Yao Gin Jhi, being the spouse of Mr. Li Yi Nan, are deemed to be interested in these 648,000,000 shares which DTV China Holdings has beneficial interest in.

Note 2: These 560,000,000 shares are held by Goldwyn, a company wholly-owned by Mr. Lim. By virtue of the SFO, Mr. Lim is deemed to be interested in the 560,000,000 shares which Goldwyn has beneficial interest in.

Note 3: The entire issued share capital of Plenty is beneficially owned by Mr. Ho Yung ("Mr. Ho"). By virtue of the SFO, Mr. Ho and Ms. Cheong Phau Choo, Yvonne, being the spouse of Mr. Ho, are deemed to be interested in these 260,000,000 shares which Plenty has beneficial interest in.

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.

Purchase, Redemption or Sale of Listed Securities of the Company

During the period under review, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

Corporate Governance

The Audit Committee of the Company consists of three independent non-executive directors. The details are disclosed in the Corporate Information. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the unaudited condensed interim financial statements for the six months ended 30 September 2008.

The Remuneration Committee of the Company comprises of four directors. The details are disclosed in the Corporate Information. They are responsible to the Board for setting up Group's emoluments' policy and for considering and reviewing the remuneration packages of all directors and senior management.

Corporate Governance (*Continued*)

During the period under review, the Company has complied with the Code as set out in Appendix 14 to the Listing Rules, except that: (i) the roles of chairman and chief executive officer are not separate and are performed by the same individual until the appointment of Mr. Li Wing Sang (“Mr. Li”) as chief executive officer on 1 September 2008. With the resignation of the former chairman on 14 October 2008, the chief executive officer of the Company, acted as the Deputy Chairman until a new Chairman is appointed. The Board believes that vesting the roles of both chairman and chief executive officer in the same person provides the Group with strong and consistent leadership and (ii) the independent non-executive directors are not appointed for a specific term but are subject to retirement by rotation and re-election pursuant to the Company’s articles of association. As such, the Board considers that sufficient measures have been taken to ensure that the Company’s corporate governance are no less exacting than those in the Code.

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules. Following specific enquiry by the Company, all the directors of the Company confirmed that they have complied with the required standards as set out in the Model Code throughout the period under review.

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

Hong Kong, 17 December 2008