



HUAFENG  
華豐

# HUAFENG TEXTILE INTERNATIONAL GROUP LIMITED

## 華豐紡織國際集團有限公司

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

**(Stock code: 364)**

### ANNOUNCEMENT

Reference is made to the announcement made by the Company on 23 July 2003.

On 22 September 2004, the Company was prosecuted by the SFC for publishing an announcement on 23 July 2003, which was false or misleading in a material particular and that it knew or was reckless as to whether the announcement was false or misleading in a material particular, in contravention of the SFO. The Company pleaded guilty to the charge and was accordingly convicted. It was fined HK\$50,000 and was ordered to pay costs of HK\$14,000 to the SFC.

Further, on the same day, Mr Cai, one of the Company's executive directors, was prosecuted by the SFC for a similar offence on the basis that the offence by the Company was attributable to Mr Cai's recklessness in contravention of the SFO. Mr Cai pleaded guilty to the charge and was accordingly convicted. He was fined HK\$50,000 and was ordered to pay costs of HK\$14,000 to the SFC.

The board of the Company considers that the above matters will not adversely affect the Company's business and operations.

The board of directors ("Board") of Huafeng Textile International Group Limited ("Company") announces that on 22 September 2004, the Company was prosecuted by the Securities and Futures Commission ("SFC") for publishing, pursuant to a request from The Stock Exchange of Hong Kong, an announcement on 23 July 2003, which was false or misleading in a material particular and that it knew or was reckless as to whether the announcement was false or misleading in a material particular, in contravention of sections 384(1) and 384(6) of the Securities and Futures Ordinance ("SFO"). The Company pleaded guilty to the charge and was accordingly convicted. It was fined HK\$50,000 and was ordered to pay costs of HK\$14,000 to the SFC.

The Board also wishes to announce that on 22 September 2004, one of its executive directors, Mr Cai Yang Bo (“Mr Cai”), was also prosecuted by the SFC for a similar offence. The basis of the prosecution was that the offence by the Company mentioned above was attributable to Mr Cai’s recklessness in contravention of sections 384(1), 384(6) and 390 of the SFO. Mr Cai pleaded guilty to the charge and was accordingly convicted. He was fined HK\$50,000 and was ordered to pay costs of HK\$14,000 to the SFC.

The Board is in the opinion that the announcement of 23 July 2003 was an one-off incident. Since then, the Company has adopted and implemented stringent measures in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board considers that the above matters will not adversely affect the business and operations of the Company.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

As at the date of this announcement, the directors of the Company is comprised of eight directors, of which six are executive directors, namely Mr. Cai Zhen Rong, Mr Cai Zhen Yao, Mr Cai Zhen Ying, Mr Cai Yang Bo, Mr Choi Wing Toon and Mr Mak Shiu Chung, Godfrey and two are independent non-executive directors, namely Ms Choy So Yuk and Mr Lawrence Gonzaga.

By Order of the Board  
**MAK SHIU CHUNG, GODFREY**  
*Executive Director*

Hong Kong, 22 September 2004

Please also refer to the published version of this announcement in China Daily.