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Hontex's independent shareholders approve share repurchase scheme

20 Aug 2012

Independent shareholders of Hontex International Holdings Company Limited (Hontex) today overwhelmingly approved the share repurchase scheme at an extraordinary general meeting following Hontex's admission that its IPO prospectus contained materially false and misleading information (Note 1).

Today's extraordinary general meeting was held in accordance with court orders obtained by the Securities and Futures Commission (SFC) in the Court of First Instance on 20 June 2012 (Note 2).

Under those orders, Hontex's independent shareholders were required to consider approving the share repurchase scheme because Hontex is incorporated in the Cayman Islands and is required to comply with Cayman Islands law in implementing a share buy-back.

The result of today's meeting is that up to \$1,030,000,000 will be available for the repurchase scheme. This sum is sufficient to buy-back the shares of all qualifying shareholders who decide to accept the repurchase offer.

The next step will be for the SFC and the court-appointed administrators to agree a protocol and a timetable for the share repurchase to be implemented (Note 3).

End

Notes:

1. The amounts stated in Hontex's IPO prospectus in respect of its turnover for the years ended 31 December 2006, 2007 and 2008 were materially false and misleading, as was its profit before tax. Hontex also agreed that the value of its cash and cash equivalents for the years ended 31 December 2007, 2008 and 30 June 2009 were materially false and misleading and the number of franchise stores disclosed in the IPO prospectus, as at 31 December 2008 and 8 December 2009, was also false and misleading.
2. The orders were made under section 213 of the Securities and Futures Ordinance following admissions made by Hontex after 12 days of trial. Please see SFC's press release dated [20 June 2012](#).
3. The administrators are Mr Stephen Liu Yiu Keung, Mr David Yen Ching Wai and Ms Koo Chi Sum of Ernst & Young. Their fees will be paid by Hontex.

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