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## SUMMARY

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This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Shares. There are risks associated with any investment. Some of the particular risks in investing in the Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Shares.

### OVERVIEW

We are an established vertically integrated waste paper management services provider and recycled paper products producer in the PRC. Our waste paper management services include collecting waste paper from our suppliers in Hong Kong and the PRC and providing confidential materials destruction services in Hong Kong. According to the RPL Report, we are the largest vertically integrated paper recycler in the PRC as of December 31, 2009. In particular:

- we are the largest waste paper management services provider in the China Region in terms of waste paper processing capacity in 2009 according to RISI;
- we are the largest producer of recycled tissue paper products in the PRC in terms of production and sales volumes in 2008 according to the China Paper Association. We produce recycled bathroom tissue, jumbo rolls and paper towels using 100% recovered paper, a large portion of which is sourced from our waste paper management and confidential materials destruction services network in Hong Kong and Guangdong province. We also produce and sell tissue paper products made from virgin pulp; and
- we are also the largest confidential materials destruction services provider in Hong Kong in terms of market share in 2009 according to the RPL Report. We serve a diverse portfolio of clients such as banks, governmental bodies, printers, financial and other professional institutions, including The Hongkong and Shanghai Banking Corporation Limited and Hang Seng Bank Limited, each of which has been our customer for over ten years. Our plant in Hong Kong is the only plant that is AAA certified by the National Association for Information Destruction, Inc. (NAID) for Plant-based Operation in the PRC and Hong Kong.

We procure waste paper through our waste paper management network in Hong Kong and the PRC and confidential materials destruction services network in Hong Kong and from waste paper distributors. We recover recovered paper from the waste paper that we collect by using equipment and experienced manual labor to filter out other waste materials (such as small amounts of plastics and metal) and sort the recovered paper into different grades according to their type, specification and quality. Recovered paper can then be re-pulped and used as raw materials in our production of recycled paper products. All the recovered paper used in our production of recycled tissue paper products and recycled greyboard is recovered internally and we do not purchase recovered paper from third parties for this purpose. We also sell recovered paper that is not used in our production process to our customers, such as Guangzhou Paper and Zhongshan Hung Hing (who are our only customers with whom we have entered into long-term recovered paper supply contracts of over twelve months duration), who use our recovered paper alone or mixed with virgin pulp as raw materials in their production of paper and recycled paper products.

## SUMMARY

We sell our recycled and virgin pulp-based tissue paper products to direct customers, distributors and value-added resellers. We primarily target direct customers in the away-from-home market, such as office buildings, shopping malls and public facilities in the PRC, the United States, Hong Kong, Australia and the Philippines. Our top direct customers include Jardine OneSolution (HK) Limited in Hong Kong. We sell parent rolls, which are semi-finished recycled tissue paper products, to value-added resellers who convert them into finished products for resale. We also sell recycled greyboard to paper merchants, manufacturers and printers.

As of the Latest Practicable Date, we operated four waste paper collection stations in Hong Kong, (see the section headed “Our Business — Facilities, Equipment and Real Property — Waste Paper Collection Stations and Balers — Hong Kong” in this prospectus), and also collected waste paper at our production base in Huizhou, Guangdong province, PRC, with a total maximum daily capacity of approximately 2,436 tonnes. We also operate two piers in Hong Kong and one in Huizhou. Waste paper that we collect in Hong Kong is transported by inland river vessels to our production base in Huizhou, where it is processed into recovered paper for the production of recycled paper products or sold as raw materials to third parties. Some of our recovered paper is also delivered to our customers by inland river vessels. Transportation through inland waterways is substantially more efficient in terms of time and cost than transportation by roadways. We operate technologically advanced paper-making facilities, including two Advantage DCT 60 tissue machines manufactured and supplied by Metso Corporation, in our Huizhou production base. As of the Latest Practicable Date, we had a total annual paper-making capacity of approximately 109,560 tonnes, of which 91,410 tonnes represented tissue paper production capacity.

Our products and services are broadly classified into recovered paper, tissue paper products, recycled greyboard and confidential materials destruction services. For the year ended March 31, 2009, approximately 54.4%, 41.7%, 3.5% and 0.4% of our revenue was derived from sales of recovered paper, sales of tissue paper products, sales of recycled greyboard and the provision of confidential materials destruction services, respectively.

The following table sets forth the revenue generated by each of our major products and services, both in absolute terms and as a percentage of our total revenue for the periods indicated:

Product/ Service Type	For the year ended March 31,						For the six months ended September 30,			
	2007		2008		2009		2008		2009	
	Revenue	% of Total	Revenue	% of Total	Revenue	% of Total	Revenue	% of Total	Revenue	% of Total
	(HK\$'000)		(HK\$'000)		(HK\$'000)		(unaudited) (HK\$'000)		(HK\$'000)	
Recovered paper .....	504,771	52.7%	681,764	57.8%	597,809	54.4%	384,197	59.7%	292,452	52.7%
Tissue paper products ...	332,157	34.7%	389,184	33.0%	457,662	41.7%	229,394	35.7%	247,418	44.6%
Recycled greyboard.	117,051	12.2%	104,579	8.9%	39,150	3.5%	27,833	4.3%	13,107	2.4%
Confidential materials destruction services .....	3,578	0.4%	3,418	0.3%	3,928	0.4%	1,908	0.3%	1,884	0.3%
Total Revenue....	<u>957,557</u>	<u>100%</u>	<u>1,178,945</u>	<u>100%</u>	<u>1,098,549</u>	<u>100%</u>	<u>643,332</u>	<u>100%</u>	<u>554,861</u>	<u>100%</u>

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For the years ended March 31, 2007, 2008 and 2009 and the six months ended September 30, 2009, we generated revenue of HK\$957.6 million, HK\$1,178.9 million, HK\$1,098.5 million and HK\$554.9 million, respectively, and the net profit attributable to equity holders of our Company was HK\$214.9 million, HK\$240.8 million, HK\$172.6 million and HK\$107.2 million, respectively.

### KEY STRENGTHS

We create value for our customers by providing high quality paper products, particularly recycled paper products, and reliable and highly professional waste paper management and confidential materials destruction services from which we source waste paper. We process waste paper into recovered paper to be used in our production of recycled paper products or sold as raw materials to third parties. We believe our success to date and our potential for future growth are attributable to a combination of our strengths in the following areas:

- We are an established vertically integrated provider of waste paper management services and manufacturer of paper products, particularly recycled paper products. We enjoy a consistent supply of high quality waste paper at competitive prices.
- We operate a highly streamlined and efficient logistic model with our production facilities strategically located with access to efficient transportation links and reliable water sources, thereby enjoying significant cost and competitive advantages.
- We service and market our products domestically and internationally to a large, diversified and stable base of customers and we enjoy a large and stable supply of waste paper.
- We operate in an industry with high barriers to entry.
- We are recognized domestically and internationally for our environmentally responsible practices, thereby enhancing the appeal of our products to the global markets.
- We have an experienced and dedicated management team with a proven track record.

### BUSINESS STRATEGY

Our goal is to be the dominant player in China's green paper industry with a global brand. In order to achieve our goal, we aim to expand our market shares in the waste paper management and confidential materials destruction services industries in Hong Kong and the PRC so as to secure a larger supply of high quality waste paper. The following are the key elements of our business strategy:

- Promote our green tissue paper product brands for recycled paper products.
- Enhance market penetration in existing markets, explore new markets and expand the range of our recycled tissue paper products.
- Strengthen our leading position in the waste paper management and confidential materials destruction services network in the China Region.
- Increase our production capacity and enhance cost competitiveness.
- Invest in research and development initiatives to improve production efficiency and to enhance the quality of our products.

### RISK FACTORS

There are certain risks and uncertainties relating to our business, the industry, the PRC in general and the Global Offering. A summary of these risks is set forth in the section headed “Risk Factors” in this prospectus. These risks can be classified as follows:

#### Risks Relating to Our Business

- Prices and availability of waste paper and virgin pulp can be volatile and price increases would lead to higher production costs, which may have a material and adverse effect on our financial condition and results of operations.
- All of our waste paper packaging facilities and our piers in Hong Kong are leased. If we cannot continue to use these facilities or renew these leases on commercially reasonable terms or at all, or if we are in breach of these leases, part of our operations may be seriously disrupted or we may be subject to claims for damages for breach of these leases and our financial condition and results of operations may be materially and adversely affected.
- We have not obtained land use right certificates for certain parcels of land within our Huizhou production base. In addition, we lack certain permits and licenses for such parcels of land, which could subject us to penalties and adversely affect our rights to use such properties.
- A material disruption to our operations could materially and adversely affect our business, financial condition and results of operations.
- Any leakage of our clients’ information from our confidential materials destruction services may subject us to liability and/or reputational harm.
- Publicity regarding our Company or our products may not be accurate or complete and any negative publicity about our Company, whether or not accurate, may adversely affect our brands and reputation.
- The market for tissue paper products is highly competitive and our business strategy involves promoting the increased use of recycled tissue paper in the PRC and overseas, which may not materialize.
- We rely on constant and reliable supplies of water, electricity, steam and fuel to support our operations as well as permits that allow us to import waste paper into the PRC for the production of recycled tissue paper products and resale of recovered paper products to our customers.
- The success of our business is dependent on the continued services of certain key senior executives and our ability to attract and retain talented personnel.
- We may experience difficulties in managing our growth and our expansion plans.
- We may not have adequate capital resources to fund our substantial capital expenditures and expansion plans.
- We rely on sales to a few major customers.
- We generally do not enter into long-term contracts with our customers, which exposes us to uncertainty and potential volatility with respect to our revenue from period to period.
- Our Hong Kong subsidiaries may be subject to additional tax liabilities.

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- We may not be able to adequately protect our intellectual property rights and industrial know-how, which could weaken our competitive position and adversely affect our operations.
- We may be subject to certain risks related to our business and operations, such as product liability claims, or other risks which are beyond our control, and our insurance coverage may not sufficiently cover such risks.
- The preferential tax treatment which our wholly-owned subsidiary in the PRC, FWHZ, currently enjoys may be changed or discontinued.
- Any prolonged economic downturn could materially and adversely affect our business, financial condition and results of operations.

### Risks Relating to the Industry

- Increasingly strict PRC regulations relating to recycled paper products could significantly increase our operating costs or lead to fines or other penalties that may materially and adversely affect our business, financial condition and results of operations.
- Failure to comply with the relevant quality and safety standards and labor laws of the PRC could lead to fines, law suits or other penalties that may materially and adversely affect our business, financial condition and results of operations.
- Industrial accidents may disrupt our production process and subject us to legal claims and liabilities.
- The demand for and price of recycled paper products is dependent on the macro-economic conditions of the PRC and globally.
- Increasingly strict PRC regulations could lead to restrictions on or closure of the independently owned small power generators and cause us to commit capital to upgrade our power generators or to purchase electricity and steam from outside sources, which could adversely affect our results of operations.
- Our export sales may be affected by potential trade protectionist measures over which we have no control.
- Stricter environmental regulations could significantly increase our operating costs.

### Risks Relating to the PRC

- Changes in political or economic policies and a slowdown in the PRC economy could materially and adversely affect our business, financial condition and results of operations.
- Changes and uncertainties in the PRC legal system may have an adverse effect on our operations.
- We may be deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law and be subject to PRC tax on our worldwide income, which may significantly increase our income tax expenses and materially decrease our profitability or otherwise adversely affect the value of your investment.
- Dividends payable by us to our foreign investors and gains on the sale of their Shares may be subject to withholding tax under PRC tax laws.

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- We rely principally on dividends paid by our subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business.
- PRC regulations on direct investment and loans by offshore holding companies to PRC entities may delay or limit us from using the proceeds from the Global Offering to make additional contributions or loans to our PRC subsidiaries.
- The enforcement of the PRC Labor Contract Law and other labor related regulations in the PRC may adversely affect our business and results of operations.
- The PRC Anti-Monopoly Law may restrict our business dealings or require us to divest our interests in certain assets in the PRC.

### **Risks Relating to the Global Offering and Our Shares**

- Future offerings or sales of our Shares could adversely affect the prevailing market price of our Shares and result in dilution.
- Our interests may conflict with those of our Controlling Shareholders, who may take actions that are not in, or may conflict with, our or our public Shareholders' best interests.
- An active trading market in our Shares may not develop, which could have a material and adverse effect on our Share price and on your ability to sell your Shares.
- The trading volume and market price of our Shares may be volatile.
- Investors will experience immediate dilution in the pro forma net tangible book value per Share because the Offer Price is higher than our net tangible book value per Share.
- Our historical dividends do not indicate our future dividend policy.
- You may face difficulties in protecting your interests because we are incorporated under Cayman Islands law and these laws may provide different protections to minority shareholders than the laws of Hong Kong.
- Prospective investors should not place undue reliance on industry and market information and statistics derived from official government publications contained in this prospectus.
- Prospective investors should not place any reliance on any information contained in the press coverage regarding the Group and the Global Offering.
- Due to a gap of up to five business days between pricing and trading of our Shares and given that our Shares will not commence trading on the Stock Exchange until the Listing Date, the initial trading price of our Shares could be lower than the Offer Price.

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### SUMMARY COMBINED FINANCIAL INFORMATION

The following is a summary of our combined financial information as of and for the years ended March 31, 2007, 2008 and 2009 and the six months ended September 30, 2008 and 2009, extracted from the Accountant's Report set out in Appendix I to this prospectus. The results were prepared on the basis of the presentation as set out in the Accountant's Report. The summary combined financial information should be read in conjunction with the combined financial statements set out in the Accountant's Report set out in Appendix I to this prospectus, including the related notes.

### Summary Data of Combined Income Statement

	For the year ended March 31,			For the six months ended September 30,	
	2007	2008	2009	2008	2009
	(HK\$'000)			(unaudited) (HK\$'000)	
Revenue .....	957,557	1,178,945	1,098,549	643,332	554,861
Cost of sales.....	(626,965)	(785,028)	(715,462)	(433,288)	(353,519)
Gross profit .....	330,592	393,917	383,087	210,044	201,342
Other income.....	1,968	4,079	3,324	2,030	1,514
Other gain/(loss), net .....	1,517	(7,404)	(10,132)	(3,100)	(1,902)
Administrative expenses.....	(79,671)	(97,882)	(116,199)	(57,019)	(52,544)
Selling expenses .....	(36,423)	(46,977)	(50,564)	(29,010)	(18,698)
Operating profit.....	217,983	245,733	209,516	122,945	129,712
Finance income .....	180	6,150	1,927	2,214	774
Finance costs.....	(1,477)	(1,166)	(11,116)	(4,893)	(5,597)
Profit before income tax .....	216,686	250,717	200,327	120,266	124,889
Income tax expense.....	(1,745)	(9,873)	(27,737)	(17,034)	(17,708)
Profit for the year/period attributable to equity holders of the Company.....	<u>214,941</u>	<u>240,844</u>	<u>172,590</u>	<u>103,232</u>	<u>107,181</u>

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### Summary Data of Combined Balance Sheet

	As of March 31,			As of September 30,
	2007	2008	2009	2009
	(HK\$'000)			(HK\$'000)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment .....	186,730	256,480	420,498	860,220
Land use rights.....	19,279	20,739	20,498	20,492
Prepayments.....	1,486	153,309	326,825	23,735
Deferred income tax assets .....	—	—	38	—
	<u>207,495</u>	<u>430,528</u>	<u>767,859</u>	<u>904,447</u>
<b>Current assets</b>				
Inventories .....	74,181	49,137	59,249	56,240
Trade and bills receivables .....	190,474	219,634	178,105	241,795
Prepayments, deposits, and other receivables.....	41,031	61,329	84,058	67,217
Amounts due from related companies .....	8,889	9,081	29,637	28,355
Tax recoverable .....	412	960	—	—
Cash and cash equivalents.....	38,524	176,987	52,721	66,305
Restricted bank deposits.....	—	—	—	9,294
	<u>353,511</u>	<u>517,128</u>	<u>403,770</u>	<u>469,206</u>
<b>Total assets .....</b>	<u><u>561,006</u></u>	<u><u>947,656</u></u>	<u><u>1,171,629</u></u>	<u><u>1,373,653</u></u>
<b>EQUITY</b>				
Capital and reserves attributable to equity holders of the Company				
Capital reserve .....	2,510	2,510	(2,274)	(9,425)
Reserves .....	<u>271,627</u>	<u>558,350</u>	<u>735,918</u>	<u>851,995</u>
<b>Total equity .....</b>	<u><u>274,137</u></u>	<u><u>560,860</u></u>	<u><u>733,644</u></u>	<u><u>842,570</u></u>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Long term borrowings.....	—	53,333	40,449	109,091
Deferred income tax liabilities.....	<u>324</u>	<u>375</u>	<u>—</u>	<u>293</u>
	<u>324</u>	<u>53,708</u>	<u>40,449</u>	<u>109,384</u>
<b>Current liabilities</b>				
Trade and other payables .....	87,060	107,699	106,333	123,486
Short-term bank borrowings .....	9,687	86,106	160,683	172,629
Current portion of long term borrowings .....	—	13,333	13,483	13,636
Amounts due to related companies.....	360	1,563	1,568	—
Amount due to a Director .....	189,438	114,909	107,337	101,311
Current Income tax liabilities .....	<u>—</u>	<u>9,478</u>	<u>8,132</u>	<u>10,637</u>
	<u>286,545</u>	<u>333,088</u>	<u>397,536</u>	<u>421,699</u>
<b>Total liabilities.....</b>	<u><u>286,869</u></u>	<u><u>386,796</u></u>	<u><u>437,985</u></u>	<u><u>531,083</u></u>
<b>Total equity and liabilities.....</b>	<u><u>561,006</u></u>	<u><u>947,656</u></u>	<u><u>1,171,629</u></u>	<u><u>1,373,653</u></u>
<b>Net current assets.....</b>	<u><u>66,966</u></u>	<u><u>184,040</u></u>	<u><u>6,234</u></u>	<u><u>47,507</u></u>
<b>Total assets less current liabilities.....</b>	<u><u>274,461</u></u>	<u><u>614,568</u></u>	<u><u>774,093</u></u>	<u><u>951,954</u></u>



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### PROFIT FORECAST FOR THE YEAR ENDING MARCH 31, 2010

On the bases and assumptions set out in the section headed “Profit Forecast” in Appendix III to this prospectus and, in the absence of unforeseen circumstances, certain profit forecast data of the Group for the year ending March 31, 2010 is set out below:

Forecast consolidated profit attributable to equity holders of the

Company for the year ending March 31, 2010<sup>(1)</sup> ..... Not less than HK\$281.1 million

Unaudited pro forma forecast earnings per Share<sup>(2)</sup> ..... Not less than HK\$0.14

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#### Notes:

- (1) Our forecast consolidated profit attributable to equity holders of the Company for the year ending March 31, 2010 is extracted from the section headed “Financial Information — Profit Forecast For the Year Ending March 31, 2010” in this prospectus. The bases and assumptions on which the above profit forecast has been prepared are set out in the section headed “Profit Forecast” in Appendix III to this prospectus. Our Directors have prepared the forecast consolidated profit attributable to the equity holders of the Company for the year ending March 31, 2010 based on the audited combined results of the Group for the six months ended September 30, 2009, the unaudited combined results of the Group based on the management accounts of the Group for the two months ended November 30, 2009 and a forecast of the consolidated results of the Group for the remaining four months ending March 31, 2010. The forecast has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in Note 2 of Section II of the Accountant’s Report, the text of which is set out in Appendix I to this prospectus.
- (2) The calculation of the unaudited pro forma forecast earnings per Share is based on the forecast consolidated profit attributable to equity holders of the Company for the year ending March 31, 2010, assuming that the Global Offering and the Capitalization Issue were completed on April 1, 2009 and a total of 2,000,000,000 Shares were in issue during the entire year. This calculation has not taken into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme.

### GLOBAL OFFERING STATISTICS

	Based on an Offer Price of HK\$1.68	Based on an Offer Price of HK\$2.30
Market capitalization of our Shares <sup>(1)</sup> .....	HK\$3,360 million	HK\$4,600 million
Unaudited pro forma adjusted net tangible assets per Share <sup>(2)</sup> .....	HK\$0.80	HK\$0.94

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#### Notes:

- (1) The calculation of market capitalization is based on the assumption that 2,000,000,000 Shares will be in issue and outstanding immediately following the completion of the Global Offering and the Capitalization Issue but excludes any Shares which may be issued pursuant to the exercise of the Over-allotment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme.
- (2) The unaudited pro forma adjusted net tangible assets per Share has been arrived at after the adjustments referred to in the section headed “Unaudited Pro Forma Financial Information — Unaudited Pro Forma Statement of Adjusted Net Tangible Assets” in Appendix II to this prospectus and on the basis that 2,000,000,000 Shares were in issue at the respective Offer Price of HK\$1.68 and HK\$2.30 per Offer Share assuming that the Global Offering and the Capitalization Issue had been completed on September 30, 2009. This calculation takes no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme.

### DIVIDEND POLICY

In the year ended March 31, 2007, we declared and paid a cash dividend of HK\$8.6 million to our Shareholders. However, we did not declare or pay any dividends in the years ended March 31, 2008 and 2009 and the six months ended September 30, 2009. Past payments and non-payments of dividends by us are not indicative of our future dividend policy.

We currently do not have any plans to distribute regular dividends immediately after the Listing, although this is subject to change. Our Board may declare dividends in the future after taking into account our operations, earnings, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Law, including the approval of our Shareholders. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Board.

Future dividend payments will also depend upon the availability of dividends we receive from FWHZ, our key operating subsidiary in the PRC. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in certain respects from IFRS. PRC laws also require a wholly-owned foreign enterprise, such as FWHZ, to transfer at least 10% of its net profit (after offsetting prior years' losses) to statutory reserve until the reserve balance reaches 50% of the registered capital under the Implementation Rules on the PRC Law on Wholly Foreign-Owned Enterprises. The transfer to reserve must be made before distribution of dividends to equity holders. Distributions from our PRC operating subsidiaries may also be restricted if they incur losses or if required under any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our PRC operating subsidiaries may enter into in the future.

### FUTURE PLANS AND USE OF PROCEEDS

We estimate that the aggregate net proceeds to our Company from the Global Offering, assuming an Offer Price of HK\$1.99 per Offer Share (being the mid-point of the indicative Offer Price range stated in this prospectus), will be approximately HK\$898.5 million (assuming the Over-allotment Option is not exercised and after deducting underwriting commissions and estimated expenses payable by us in connection with the Global Offering).

We currently intend to use the net proceeds from the Global Offering for the following purposes:

- approximately HK\$20.0 million, or 2.2% of the net proceeds, will be used for the acquisition of shredding machines and improvements in the facilities for our confidential materials destruction services business;
- approximately HK\$100.0 million, or 11.1% of the net proceeds, will be used to establish and acquire new packing machines in the China Region for our waste paper management services, which we expect to increase our waste paper collection capacity by a total of approximately 500,000 tonnes by the end of 2013;
- approximately HK\$200.0 million, or 22.3% of the net proceeds, will be used for the setting up of an integrated waste paper collection and confidential materials destruction center in Hong Kong.

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As of the Latest Practicable Date, we have not identified any target location or building for such center in Hong Kong, although we have commenced preparation of an investment analysis for this purpose;

- approximately HK\$380.0 million, or 42.3% of the net proceeds, will be used for the expansion of our recycled paper products manufacturing business in the PRC and Hong Kong. We plan to invest in research and development and to acquire additional technologically advanced machines to improve the quality and energy-efficiency of the production of our tissue paper products. We expect such machines to commence operation in 2012 and will increase the annual production capacity of our existing Huizhou production base by approximately 33,000 tonnes;
- approximately HK\$145.0 million, or 16.1% of the net proceeds, will be used to repay in full the loan due to ABN AMRO and its associates. For details of the loan, please refer to the section headed “Financial Information — Indebtedness — Bank Borrowings” in this prospectus; and
- the balance of approximately HK\$53.5 million, or 6.0% of the net proceeds, will be used for our working capital requirements and general corporate purposes.

In the event the Over-allotment Option is exercised in full and based on an Offer Price of HK\$1.99 per Offer Share (being the mid-point of the indicative Offer Price range stated in this prospectus), we will receive additional net proceeds of approximately HK\$175.9 million.

In the event the Offer Price is set at HK\$2.30 per Offer Share (being the high end of the indicative Offer Price range stated in this prospectus) and assuming the Over-allotment Option is not exercised, we will receive additional net proceeds of approximately HK\$148.8 million.

In the event the Offer Price is set at HK\$1.68 per Offer Share (being the low end of the indicative Offer Price range stated in this prospectus) and assuming the Over-allotment Option is not exercised, the net proceeds we receive will be reduced by approximately HK\$148.8 million.

To the extent that the net proceeds from the Global Offering (including the net proceeds from any exercise of the Over-allotment Option) are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis (save for the repayment of the loan due to ABN AMRO and its associates which will be repaid in full).

To the extent that the net proceeds from the Global Offering are not immediately used for the above purposes, we presently intend to deposit such net proceeds into short-term interest-bearing deposits and/or money market instruments.

We estimate that the net proceeds to the Selling Shareholder from the Global Offering, assuming an Offer Price of HK\$1.99 per Offer Share (being the mid-point of the indicative Offer Price range stated in this prospectus), will be approximately HK\$215.6 million, after deducting underwriting commissions and estimated expenses payable by the Selling Shareholder in connection with the Global Offering. We will not receive any proceeds from the sale of the Sale Shares.