

SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in our 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 Offer Shares.

BUSINESS OVERVIEW

We are principally engaged in the manufacture and trading of hygienic disposables for household and clinical uses. Our products consist mainly of clinical waste bags, general waste bags, disposable film bags and aprons. For each of the three years ended 31 March 2010 and three months ended 30 June 2010, our turnover breakdown by sector, business model and product type is as follows:

	For the year ended 31 March		2010		For the three months ended 30 June		2010			
	2008	2009	2009	2010	2009	2010	2009	2010	% of	% of
	HKS'000	% of turnover	HKS'000	% of turnover	HKS'000	% of turnover	HKS'000 (unaudited)	% of turnover	HKS'000	% of turnover
Household sector										
Sales of manufactured products										
— Film bags	197,686	70.1	163,358	52.4	119,745	28.0	32,536	38.2	34,389	30.2
— General waste bags	52,663	18.7	95,689	30.7	105,424	24.7	34,164	40.1	19,009	16.7
Clinical sector										
Sales of manufactured products										
— Clinical waste bags	9,125	3.2	21,482	6.9	23,994	5.6	9,353	11.0	4,118	3.6
— General waste bags	4,119	1.4	384	0.1	1,112	0.3	398	0.5	18,965	16.7
— Aprons	18,487	6.6	30,694	9.9	37,785	8.8	8,688	10.2	4,849	4.3
Trading of products										
— General waste bags	—	—	—	—	139,056	32.6	—	—	32,376	28.5
Total	282,080	100.0	311,607	100.0	427,116	100.0	85,139	100.0	113,706	100.0

Given that our Directors considered a better growth potential in the clinical consumables market, our Group's future strategy will focus more on our products for clinical sector, while our Group will also maintain the sales effort in our products for household sector.

Sales of self-manufactured products

A number of our products come with innovative designs which Mr. Chum, our founder, has successfully patented in different jurisdictions. Mr. Chum has entered into the Patent Assignments to assign his ownership in the EU Patents, PRC Patents and the US Patents to the Group. The assignments of the EU Patents and the US Patents were completed. Pursuant to relevant PRC laws and regulations, the PRC Patents Assignment shall be registered with the competent patent administrative authority. The PRC Patents Assignment will come into force upon the date of such registration and Huizhou Junyang will become the registered owner of the PRC Patents accordingly. In addition, Mr. Chum

SUMMARY

and Huizhou Junyang also entered into the PRC Patents Licence Agreements, pursuant to which Huizhou Junyang has been licensed to use the PRC Patents. As advised by the PRC Legal Advisers, Huizhou Junyang is currently entitled to use the PRC Patents pursuant to the PRC Patents Licence Agreements. Mr. Chum and Huizhou Junyang are in the process of making such relevant registration and filing, and the PRC Patents Licence Agreements will cease to have effect upon the completion of the registration of PRC Patents Assignment. As further advised by the PRC Legal Advisers, there will be no material legal impediment for Mr. Chum and Huizhou Junyang to complete the aforementioned registration and filing procedures.

Certain of our products are made with oxo-biodegradable materials with our self-developed formulations in accordance with the specific requirements from our customers. The revenue of our products with oxo-biodegradable nature for the three years ended 31 March 2010 and three months ended 30 June 2010 were approximately HK\$4,152,000, HK\$37,139,000, HK\$29,048,000 and HK\$3,775,000, accounting for approximately 1.5%, 11.9%, 6.8% and 3.3% of our total turnover for the corresponding periods respectively.

Our production facility is based in Huizhou of Guangdong Province, the PRC, with a designed annual production capacity of 38,600 tons of hygienic disposables. A number of production technologies which we apply to our key production processes have been successfully patented. These patented technologies are designed to enable us to enhance our production efficiency and mass produce products with our patented designs. Our Huizhou production facility is also accredited with ISO9001:2008 and GB/T 19001-2008, demonstrating our commitment of high product quality.

Trading of products

We successfully established significant presence in the US market in 2009 through the commencement of trading of general waste bags for clinical sector with a US customer, Spectrum Bags, Inc.. According to the information shown on its website, Spectrum Bags, Inc. was established in 1985 and is a manufacturer and importer of printed bags used in retail stores, restaurants, supermarkets, hospitals and for janitorial and industrial applications. The commencement of trading with this new customer had mainly contributed to the substantial increase in turnover for the year ended 31 March 2010. We adopt a back-to-back trading model with this new US customer, whereby we would place purchase orders with our supplier for the finished goods with terms such as quantity, unit price, product description and payment terms against each of the orders placed by this US customer. A trading model was adopted with this US customer mainly because certain of the production equipment in our Huizhou plant would need to undergo adjustments, which would involve lengthy time, in order to produce products with specifications required by this particular US customer. In order to reduce the risk of failing to meet the delivery schedule due to unanticipated delays in equipment modifications and trial testings which would have an immediate adverse impact on the relatively new business relationship, our Group sourced those products from a third party with ready capability for on-sale to this US customer. Going forward, we intend to introduce more of our self-manufactured products, which are proven to be well received in the European markets, to the US.

SUMMARY

Customers

During the Track Record Period, our largest customer accounted for approximately 28.1%, 28.8%, 32.6% and 45.1% of our total sales respectively, whereas our five largest customers accounted for approximately 84.6%, 76.1%, 87.1% and 92.3% of our total sales respectively. Stenqvist AS, being our largest customer for the two years ended 31 March 2009, accounted for approximately 28.1%, 28.8%, 19.0% and 24.5% of our total sales for the Track Record Period, whereas Spectrum Bags, Inc. was our largest customer for the year ended 31 March 2010 and the three months ended 30 June 2010. Stenqvist AS is a packaging producer in Europe. According to the information shown on the website of Stenqvist AS, its group was established since 1894 with production facilities in Sweden, parts of Scandinavia and Europe and the business activities of its group include supplying consumable materials in the form of cleaning articles such as refuse bags and in the form of high-class plastic bags and plastic carrier bags; while Spectrum Bags, Inc., according to the information shown on its website, was established in 1985 and is a manufacturer and importer of printed bags used in retail stores, restaurants, supermarkets, hospitals and for janitorial and industrial applications. Also, our major customers include HPC Healthline UK Limited, one of the authorized distributors of clinical disposables to clinics and hospitals operating under the National Health Service public healthcare system in the UK, and one of the largest supermarket chains in the UK. For the three years ended 31 March 2010 and three months ended 30 June 2010, the turnover generated from HPC Healthline UK Limited accounted for approximately 13.5%, 19.0%, 17.4% and 8.5% respectively of our total turnover.

Our financial highlights

For the three years ended 31 March 2010 and three months ended 30 June 2010, we reported revenues of approximately HK\$282.1 million, HK\$311.6 million, HK\$427.1 million and HK\$113.7 million, respectively, whereas our net profit was approximately HK\$43.1 million, HK\$43.5 million, HK\$78.9 million and HK\$16.9 million, respectively.

Our growth strategy

We currently have no sales and operating experience in the PRC market. As part of our growth strategy, we plan to leverage on our product and market experience with the European and US markets of hygienic disposables, particularly the clinical and health-care sectors, and tap into the Chinese medical consumables market, given that the consumption rate of medical consumables in China is still far below those of the US and European markets. Also, we intend to commit significant resources to further expand our market share in other European countries such as France, Germany, Italy and Sweden. For more details, please refer to the paragraphs headed “Expand into the medical consumables market in China” and “Fortify our market share in the European and US markets” under the sub-section headed “Our strategies and future plans” in the section headed “Business” in this prospectus.

OUR COMPETITIVE STRENGTHS

Strong customer base and reputation

We have focused our sales and marketing activities on large-scale customers with whom we have built, and seek to maintain, long-term and close relationships. Our major customers include reputable disposable product suppliers in the medical and retail sectors such as Stenqvist AS, a packaging producer in Europe, and HPC Healthline UK Limited, one of the authorized distributors of clinical disposables to clinics and hospitals operating under the National Health Service public healthcare system in the UK, and one of the largest supermarket chains in the UK, all of which were among our 10 largest customers for each of the years ended 31 March 2009 and 2010.

Our customers typically demand a challenging combination of quality, specification and competitive pricing for the products, and one of which have acquired approved supplier status with medical/clinical/health-care regulatory bodies. As a result, some customers usually work with a group of preferred suppliers who have passed their stringent requirements, thereby increasing the barriers of entry for new participants. Preferred suppliers must satisfactorily complete their quality testing requirements and have a demonstrated track record for quality, price, financial strength and production capacity, as well as a good market reputation. Our ability to supply products with innovative designs and consistent high quality enhances our market reputation and builds customer loyalty. Some of our key customers rely on us to meet their requirements for specific hygienic disposables as we can provide “made-to-order” services in accordance with the specifications of our customers.

Proven track record in developing innovative, patented production technologies and product designs

Mr. Chum, our founder, has throughout his years of business venturing in the hygienic disposables industry developed and patented a number of production technologies which we apply to our key production processes, and product designs which we adopt in developing our products. Through application of these patented production technologies and designs, we have successfully modified the extrusion process and significantly enhanced our output efficiency and developed products with desirable material qualities and user-friendly characteristics for end users. Examples of such products include our disposable film bags with our innovative, user-friendly “easy-pick” design, our disposable clinical gloves with our patented “easy-wear” design and our disposable aprons with noticeably enhanced wearing comfort.

On 20 October 2010, 9 November 2010 and 13 December 2010, Mr. Chum, as the registered owner of the US Patents, the EU Patents and the PRC Patents which are in aggregate 18 patents and in force for these production technologies and innovative product designs, executed the US Patents Assignment, the EU Patents Assignment and the PRC Patents Assignment respectively for the assignment of his ownership in the US Patents, the EU Patents and the PRC Patents respectively to our Group. The assignments of the EU Patents and the US Patents were completed. Pursuant to relevant PRC laws and regulations, the PRC Patents Assignment shall be registered with the competent patent

SUMMARY

administrative authority. The PRC Patents Assignment will come into force upon the date of such registration and Huizhou Junyang will become the registered owner of the PRC Patents accordingly. In addition, Mr. Chum and Huizhou Junyang also entered into the PRC Patents Licence Agreements, pursuant to which Huizhou Junyang has been licensed to use the PRC Patents on a royalty-free basis. During the Track Record Period, the cost incurred in relation to research and development was mainly cost of the three staff in the research and development department, which in aggregate did not exceed RMB100,000 for each of the three years ended 31 March 2010 and in this regard, the Directors consider that the amounts incurred on research and development were immaterial to the Group. Please refer to the sub-paragraph headed “Our intellectual property rights” under the paragraph headed “Further information about the business of our Company” set out in Appendix VI headed “Statutory and general information” to this prospectus for further details.

Self-developed formulations on raw material composition to suit customers’ preferences and needs

We have developed a knowhow, which is not patented, in formulating composition of raw materials to meet the desirable material characteristics preferred by our customers. Our formulations, coupled with patented production technologies, enable us to meet our customers’ specific requirements (including, as the case may be, inclusion of degradable additives) by adjusting our formulation.

Stringent quality assurance and control procedures

We have established and adopted a stringent quality assurance and control procedures in compliance with ISO9001:2008 and GB/T19001-2008 standard. Our quality assurance and control team consists of 17 staff who are responsible for monitoring and executing quality examination and control procedures in various key stages of the production process. Our track record on quality assurance is evidenced by the fact that we had not experienced any product return by our customers during the Track Record Period, which further contributes to solidify our reputation and customer loyalty.

Experienced management team

Our management team has extensive experience in the hygienic disposables industry. One of our founders and our chairman, Mr. Chum, has many years of experience in the hygienic disposables industry and was the registered owner of the EU Patents, the PRC Patents and the US Patents which are in force in different production technologies and product designs before assigning them all to our Group pursuant to the Patent Assignments, and which all assist in enhancing the production efficiency and competitiveness of our products. In addition, Mr. Chum was accredited with the “Sixth National Science and Technology Progress Achievement — First Award” (第六屆國家科技成果「進步獎」一等獎) and the “Sixth National Patent Technology Invention — First Award” (第六屆國家專利技術「發明獎」一等獎) by Assessment Panel for National Science and Technology Progress Achievement Award* (國家科技進步獎評審委員會) and Assessment Panel for National Technology Invention Award* (國家科技發明獎評審委員會), respectively for our customized production equipment, “Automatic Continuous Band Sealer of Plastic Bags” (塑質膜袋連續封口製袋機), applying principally patented

SUMMARY

production technology in manufacturing film bags. Moreover, Mr. Desmond Chum, one of our executive Directors and our chief executive officer, has provided innovative ideas on product designs, the patent of which is in the process of application. Additionally, through the marketing efforts of Mr. Desmond Chum, we have successfully established and have since maintained close relationships with sizeable and reputable European and US customers.

OUR STRATEGIES AND FUTURE PLANS

Expand into the medical consumables market in China

We currently have no sales and operating experience in the PRC market, but we intend to leverage on our many years of experience in the hygienic disposables industry to tap into the PRC market. We have established a proven track record in the manufacture and sale of hygienic disposables for household and clinical uses in the European markets, and have successfully established a significant presence in the US hygienic disposables market through our trading business with one of our major customers. As part of our growth strategy, we plan to leverage on our product and market experience with the European and US markets and tap into the Chinese medical consumables market. Given the consumption rate of medical consumables in China is still far below those of the US and European markets, we believe the market potential for clinical disposables in China is tremendous. Despite the lower profit margin for our clinical products during the Track Record Period, our Directors consider that taking into account the anticipated increasing demand for clinical products in China, our Group is able to improve the profit margin for our clinical products in the future. With the view of establishing our presence and recognition in the PRC medical products market in an expedient and efficient manner and to pave the way of launching our own clinical products in the near future, we intend to have the following expansion plans into the medical market in China:

Expansion plans into the medical market in China

1. We intend to commence importing spine pressure reduction system (as a Category II medical device under the classification of “Medical Devices Classification Index”* (醫療器械分類目錄) issued by the State Food and Drug Administration (formerly known as State Drug Administration) from overseas suppliers of medical products for on-sale to hospitals in Beijing, the PRC.
2. We plan to construct a new production facility in the PRC for the manufacture of medical products. We are currently looking into the market feasibility and business potential of a number of short-listed potential product candidates, including medical gloves (a Category I medical device under the classification of “Medical Devices Classification Index”* (醫療器械分類目錄)) and aprons (an existing product of the Group), to be manufactured in our new production facility and targeted for sales to clinics and hospitals in the Beijing areas in the PRC.

SUMMARY

Capital expenditure

1. The capital expenditure for the development of distribution channels in the PRC is estimated at approximately HK\$23 million. The channels will be earmarked for distributing the planned medical products to be imported and self-manufactured by our Group.
2. The capital expenditure for the construction of new production facility is estimated at approximately HK\$224 million. Construction of the new production facility is currently planned to take two phases, with the first phase planned to be completed before 31 March 2012. The Group estimates that the investment costs for the construction of the first phase production facility will be approximately HK\$68 million as compared to the estimated costs of approximately HK\$52 million that may be required if our existing Huizhou plant is being modified with the equivalent production capacity. The construction of the second phase is planned to be completed before 31 March 2013.

Risks involved in our expansion into the medical consumables market in China

We have not had any previous experience in producing and selling products in the PRC. As such, we are uncertain as to whether our production of such medical devices would become commercially successful. Furthermore, appropriate permits, licences, approvals and/or certificates from the relevant government authorities in the PRC are required to engage in the production and sale of these medical devices in the PRC. We had not yet obtained the relevant permits, licences, approvals and/or certificates for our new production facility to manufacture and sell Category I medical devices and selling Category II medical devices in the PRC. We may not be able to obtain and renew such appropriate permits, licences, approval and/or certificates required, in which event we will not be able to manufacture and sell our own medical products in the PRC. In the event that the compliance standards in relation to these permits, licences, approval and/or certificates increase, we may incur more compliance costs and experience more restrictions on our business, which may adversely affect our operations and profitability.

If we are unable to commence and complete the construction of our production facility in the PRC for the manufacture of products classified as Category I medical devices, we may not be able to produce these medical products on our own for sale in the PRC in accordance with our overall market expansion plan. This may have a material adverse effect on our business, financial conditions and results of operations.

SUMMARY

For more details, please refer to the paragraphs headed “We may not be able to obtain and renew appropriate permits, licences, approvals and/or certificates required for the new production facility in the PRC to manufacture and sell Category I medical devices and selling Category II medical devices in the PRC” and “We did not have previous experience in producing and selling aprons and Category I medical devices and importing Category II medical devices in the PRC” in the section headed “Risk factors” in this prospectus.

Fortify our market share in the European and US markets

We manufacture and sell our hygienic disposables for clinical and household uses mostly to the European markets with a particular concentration in the UK. Leveraging on our success in serving the UK clinical hygienic disposables market and our established relationships with well-established UK distributors of clinical and health-care disposables, we intend to commit significant resources to further expand our market share in other European countries such as France, Germany, Italy and Sweden as our Directors believe the market potentials for hygienic disposables in these markets are large. Moreover, with our success in establishing a significant presence in the US market initially using a trading model, we intend to introduce more of our self-manufactured products, which are proven to be well received in the European markets, to the US. To cope with our market expansion plan, we plan to expand our Huizhou production capacity for hygienic disposables such as clinical aprons, gloves, disposal bags (which do not fall within the classification of “Medical Devices Classification Index”* (《醫療器械分類目錄》)) as and when necessary depending on its future utilization status.

Increase the production output of oxo-biodegradable hygienic disposables

We currently produce and sell hygienic disposables made with oxo-biodegradable materials in accordance with the specific requirements from our customers, through our self-developed formulations on raw materials composition to alter the degradability of our products. We believe the global demand for degradable hygienic disposables will be on the uptrend in anticipation of the increase in market awareness on environmental concerns. We are capable of increasing our production output for oxo-biodegradable hygienic disposables based on our current production facilities and techniques. We will continue to put our resources on technological and product improvement and aim at pursuing a larger market presence in the global degradable hygienic disposable markets in the future.

Strengthen our research and development capability

One of the keys to success in our corporate development is the application of custom-developed, patented production technologies in our production process and continuous success in developing innovative, patented product designs. We realize the importance of research and development in maintaining our competitive advantages and developing hygienic disposables with innovative, user-friendly designs. We plan to strengthen our research and development capability by hiring more professionals and/or researchers for the study and research on technological improvement for hygienic disposables.

SUMMARY

The following table illustrates our Group's current products and the respective geographical markets as well as our planned products and targeted markets going forward:

1. *Current operation*

Production base	Products produced	Targeted markets
Huizhou plant	Clinical waste bags, aprons, general waste bags and film bags	Overseas markets (mainly include UK, Norway, Sweden, Germany and US)

2. *Future expansion plan*

Production base	Products produced	Targeted markets	Time frame	Capital expenditure (HK\$ million)
New production plant to be constructed in the PRC	Medical gloves (a Category I medical device) and clinical aprons	Targeted for sales to clinics and hospitals in the Beijing areas, the PRC	First phase to be completed before 31 March 2012 and second phase to be completed before 31 March 2013	224
Huizhou plant with expansion and upgrading of production facilities	Clinical aprons, gloves and disposal bags (which do not fall within the classification of "Medical Devices Classification Index"* (《醫療器械分類目錄》))	Targeted for sales in the overseas markets and the PRC market	To be completed before 31 March 2012	34
Importing of medical devices from overseas suppliers	Spine pressure reduction system (a Category II medical device)	Targeted for sales in hospitals in Beijing, the PRC	To commence before 31 March 2011	—
Development of distribution channels in the PRC	The above planned importing and self-manufactured products	Targeted for sales in the PRC	To be completed before 31 March 2012	23

SUMMARY

SUMMARY FINANCIAL INFORMATION

The following tables set forth our summary combined income statement and combined statements of financial position during the Track Record Period prepared in conformity with Hong Kong Accounting Standards, HKFRS, amendments and interpretations issued by the HKICPA, which are extracted from our combined financial statements included in the Accountants' Report set out in Appendix I to this prospectus.

Combined statements of comprehensive income

	Year ended 31 March			Three months ended 30 June	
	2008	2009	2010	2009	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)				
Revenue	282,080	311,607	427,116	85,139	113,706
Cost of sales	<u>(219,863)</u>	<u>(247,268)</u>	<u>(334,299)</u>	<u>(56,889)</u>	<u>(89,009)</u>
	62,217	64,339	92,817	28,250	24,697
Other income (<i>Note</i>)	4,628	1,034	7,497	6,477	2,295
Selling and distribution expenses	(14,233)	(10,827)	(11,747)	(3,002)	(2,916)
Administrative expenses	(9,463)	(10,680)	(8,619)	(1,909)	(2,844)
Listing expenses	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(3,746)</u>
Profit before taxation	43,149	43,866	79,948	29,816	17,486
Taxation	<u>—</u>	<u>(335)</u>	<u>(1,004)</u>	<u>(374)</u>	<u>(540)</u>
Profit for the year/period	<u>43,149</u>	<u>43,531</u>	<u>78,944</u>	<u>29,442</u>	<u>16,946</u>
Other comprehensive income					
Exchange difference arising on translation	<u>3,746</u>	<u>1,409</u>	<u>135</u>	<u>24</u>	<u>155</u>
Total comprehensive income for the year/period, attributable to owners of the Company	<u>46,895</u>	<u>44,940</u>	<u>79,079</u>	<u>29,466</u>	<u>17,101</u>
Earnings per share					
— basic (<i>HK cents</i>)	<u>8.52</u>	<u>8.59</u>	<u>15.58</u>	<u>5.81</u>	<u>3.34</u>

Note: Our Group recognized HK\$1.0 million and HK\$5.0 million respectively for the two years ended 31 March 2010 as imputed interest income arising from amounts due from Mr. Chum and is non-cash and non-recurring in nature.

SUMMARY

Combined statements of financial position

	The Group			The Company	
	As at 31 March			As at	As at
	2008	2009	2010	30 June	30 June
	HK\$'000	HK\$'000	HK\$'000	2010	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
NON-CURRENT ASSETS					
Property, plant and equipment	49,143	45,952	42,370	41,257	—
Prepaid lease payments	6,568	6,598	6,417	6,389	—
Amount due from a director	11,000	61,000	—	—	—
	<u>66,711</u>	<u>113,550</u>	<u>48,787</u>	<u>47,646</u>	<u>—</u>
CURRENT ASSETS					
Inventories	69,434	33,607	43,773	34,965	—
Prepaid lease payments	192	197	198	198	—
Trade and other receivables and prepayments	50,287	32,942	124,754	82,163	—
Tax recoverable	288	—	—	—	—
Amounts due from directors	10,826	56,808	155,933	—	—
Restricted bank deposit	517	—	—	—	—
Bank balances and cash	7,980	17,861	9,237	32,982	—
	<u>139,524</u>	<u>141,415</u>	<u>333,895</u>	<u>150,308</u>	<u>—</u>
CURRENT LIABILITIES					
Trade and other payables and accruals	10,807	11,770	54,965	31,719	—
Amounts due to directors	89,472	95,964	100,325	61,202	—
Tax payable	—	335	1,339	1,879	—
	<u>100,279</u>	<u>108,069</u>	<u>156,629</u>	<u>94,800</u>	<u>—</u>
NET CURRENT ASSETS	<u>39,245</u>	<u>33,346</u>	<u>177,266</u>	<u>55,508</u>	<u>—</u>
	<u>105,956</u>	<u>146,896</u>	<u>226,053</u>	<u>103,154</u>	<u>—</u>
CAPITAL AND RESERVES					
Share/Paid-up capital	1,097	1,097	1,175	1,175	—
Reserves	104,859	145,799	224,878	101,979	—
	<u>105,956</u>	<u>146,896</u>	<u>226,053</u>	<u>103,154</u>	<u>—</u>

SUMMARY

The following table sets forth the breakdown of our revenue by geographical locations, product sector, business model and product type during the Track Record Period:

	Year ended 31 March			Three months ended 30 June	
	2008	2009	2010	2009	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(unaudited)	
Revenue by geographical market					
United Kingdom	124,013	127,771	151,424	46,123	26,345
Norway	79,317	89,600	81,228	21,969	28,304
Sweden	35,348	16,878	2,296	459	338
Germany	18,010	20,934	24,766	5,862	2,936
United States of America	10,924	9,254	141,203	904	53,544
Singapore	4,448	34,486	15,400	7,058	—
Others	10,020	12,684	10,799	2,764	2,239
	<u>282,080</u>	<u>311,607</u>	<u>427,116</u>	<u>85,139</u>	<u>113,706</u>
Household sector					
Sales of manufactured products					
Film bags	197,686	163,358	119,745	32,536	34,389
General waste bags	52,663	95,689	105,424	34,164	19,009
Sub-total	<u>250,349</u>	<u>259,047</u>	<u>225,169</u>	<u>66,700</u>	<u>53,398</u>
Clinical sector					
Sales of manufactured products					
Clinical waste bags	9,125	21,482	23,994	9,353	4,118
General waste bags	4,119	384	1,112	398	18,965
Aprons	18,487	30,694	37,785	8,688	4,849
Trading of products					
General waste bags	—	—	139,056	—	32,376
Sub-total	<u>31,731</u>	<u>52,560</u>	<u>201,947</u>	<u>18,439</u>	<u>60,308</u>
Total	<u>282,080</u>	<u>311,607</u>	<u>427,116</u>	<u>85,139</u>	<u>113,706</u>

SUMMARY

Gross profits and gross profit margin

Gross profit represents the difference of revenue and cost of sales. The table below sets forth gross profits and gross profit margins by business model and sector for the Track Record Period.

	Year ended 31 March						Three months ended 30 June			
	2008		2009		2010		2009		2010	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
(unaudited)										
By business model										
Sales of manufactured products	62,217	22.1	64,339	20.6	82,524	28.6	28,250	33.2	22,442	27.6
Trading of products	—	—	—	—	10,293	7.4	—	—	2,255	7.0
Total	<u>62,217</u>	22.1	<u>64,339</u>	20.6	<u>92,817</u>	21.7	<u>28,250</u>	33.2	<u>24,697</u>	21.7
By sector										
Household sector	59,520	23.8	63,602	24.6	74,654	33.2	25,950	38.9	18,694	35.0
Clinical sector	<u>2,697</u>	8.5	<u>737</u>	1.4	<u>18,163</u>	9.0	<u>2,300</u>	12.5	<u>6,003</u>	10.0
Total	<u>62,217</u>	22.1	<u>64,339</u>	20.6	<u>92,817</u>	21.7	<u>28,250</u>	33.2	<u>24,697</u>	21.7

The overall gross profit margin decreased from approximately 22.1% for the financial year ended 31 March 2008 to approximately 20.6% for the financial year ended 31 March 2009. The decrease in the overall gross margin was attributed to the decrease in gross margin of our products for clinical sector from approximately 8.5% to 1.4% as a result of the increase in cost of sales arising from increasing portion of polyethylene consumed, while such increased cost had not been completely reflected in the selling price of our clinical sector products for the corresponding period as our Group intended to maintain good relationships with our customers.

The overall gross profit margin increased from approximately 20.6% for the financial year ended 31 March 2009 to approximately 21.7% for the financial year ended 31 March 2010. This was mainly attributed to the improvement in the gross profit margins of our self-manufactured products for the household and clinical sectors mainly as a result of the decline in the purchase prices of polyethylene. However, the impact from the margin improvement has been partially offset by the lower gross margin of 7.4% from the trading business, which commenced during the financial year ended 31 March 2010.

The overall gross profit margin of our Group remained stable at approximately 21.7% for the three months ended 30 June 2010 as compared to the financial year ended 31 March 2010. The gross profit margins of our products for the household and clinical sectors improved further as compared to the financial year ended 31 March 2010, but the impact was completely offset by the increasing portion of revenue contribution from the lower margin clinical sectors. The gross margins of our products for clinical sector were generally lower than those of products for household sector as our Group intended to maintain

SUMMARY

competitive pricing for clinical sector products and the portion of consumption of polyethylene for clinical sector product (such as aprons) was higher among our manufactured products.

PROFIT ESTIMATE FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

Estimated combined profit attributable to
owners of the parent for the six months
ended 30 September 2010⁽¹⁾⁽²⁾not less than HK\$40 million

Unaudited pro forma estimated basic earnings per Share
for the six months ended 30 September 2010⁽³⁾not less than HK\$0.06

Notes:

- (1) The basis on which the above profit estimate for the six months ended 30 September 2010 has been prepared are summarized in Appendix III headed “Profit estimate” to this prospectus.
- (2) The estimated combined profit attributable to owners of the parent for the six months ended 30 September 2010 prepared by our Directors is based on the audited accounts of our Group for the three months ended 30 June 2010 and the unaudited management accounts of our Group for the three months ended 30 September 2010 on the basis that the current group structure had been in existence throughout the whole six months ended 30 September 2010. The profit estimate has been prepared on the basis of the accounting policies being consistent in all material aspects with those currently adopted by our Group as set out in the Accountants’ Report in Appendix I to this prospectus.
- (3) The unaudited pro forma estimated basic earnings per Share is calculated based on the estimated combined profit attributable to owners of the parent for the six months ended 30 September 2010 and on the assumption that our Company had been listed since 1 April 2010 and a total of 666,666,000 Shares were in issue during the six months ended 30 September 2010, without taking into account any Shares which may fall to be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company, and an Offer Price of HK\$2.055 per Offer Share, being the mid-point of the estimated Offer Price range of HK\$1.85 to HK\$2.26.

Our Company’s interim report for the six months ended 30 September 2010 will be audited pursuant to Rule 11.18 of the Listing Rules if the Shares are listed on the Stock Exchange and we expect that our audited interim report will be published on or before 28 January 2011.

DIVIDEND POLICY

Dividends may be paid out by way of cash or by other means that we consider appropriate. Declaration and payment of any dividends would require the recommendation of the Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to Shareholders’ approval. A decision to declare or to pay any dividend in the future, and the amount of any dividends, depends on a number of factors, including our results of operations, financial condition, the payment by our subsidiaries of cash dividends to us; and other factors the Board may deem relevant.

SUMMARY

PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ from generally accepted accounting principles in other jurisdictions, including HKFRS. PRC laws also require foreign-invested enterprises, such as some of our subsidiaries in China, to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends.

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

We made a dividend distribution amounted to HK\$1,000,000 during the year ended 31 March 2008 through and paid by Tary to its shareholders. We declared dividends amounting to HK\$140 million to shareholders of our subsidiaries during the three months ended 30 June 2010, and were partially settled through the balances with directors. The balance of dividends was fully paid prior to the Global Offering. Subject to the factors aforementioned, we currently intend, subject to the abovementioned limitations and in the absence of any circumstances which might reduce the amount of distributable profits whether by losses or otherwise, to distribute to our Shareholders not less than 30% of our distributable profits in respect of the year ending 31 March 2011.

There is, however, no assurance that we will be able to declare dividends of these amounts or any amount in any year. In addition, the declaration and/or payment of dividends may be limited by legal restrictions and/or by financing agreements that we may enter into in the future.

USE OF PROCEEDS

The aggregate net proceeds from the Global Offering (after deducting underwriting fees and estimated expenses in connection with the Global Offering and assuming an Offer Price of HK\$2.055 per Share, being the mid-point of the indicative range of the Offer Price of HK\$1.85 to HK\$2.26 per Share, and assuming the Over-allotment Option is not exercised) will be approximately HK\$298.1 million. The Directors intend to apply the net proceeds from the Global Offering as follows:

- approximately HK\$149.0 million (representing approximately 50% of the net proceeds) will be used for (i) construction of new production premises in the PRC (representing approximately 10% of the net proceeds) and (ii) purchase of manufacturing equipment for the new production facility for the manufacture of clinical disposables for the PRC market (representing approximately 40% of the net proceeds). The construction of the new production facility is planned to be in two phases, with the first phase planned to be completed before 31 March 2012 and the second phase to be completed before 31 March 2013, with the planned annual production capacity of 20,000 tons for medical products classified as Category I medical devices in the first phase production facility;

SUMMARY

- approximately HK\$29.8 million (representing approximately 10% of the net proceeds) will be used for the acquisition of the land use rights for a parcel of land earmarked for the construction of the new production facility in the PRC. Our Group is currently considering various suitable locations of the land and has yet to identify the particular parcel of land for acquisition;
- approximately HK\$20.9 million (representing approximately 7% of the net proceeds) will be used for the marketing and development of the distribution channels and working capital for the imports of medical products classified as Category II medical devices in the PRC market;
- approximately HK\$23.8 million (representing approximately 8% of the net proceeds) will be used for upgrading and addition of production facilities in the Huizhou plant for the production of clinical hygienic disposables;
- approximately HK\$29.8 million (representing approximately 10% of the net proceeds) will be used for marketing and promotional expenses for the expansion of our sales penetration into some European countries, such as France, Germany, Italy and Sweden;
- approximately HK\$29.8 million (representing approximately 10% of the net proceeds) will be used for marketing and promotional expenses for the expansion of our sales in the US market; and
- the remaining balance of approximately HK\$15.0 million (representing approximately 5% of the net proceeds) will be used for additional working capital, strategic investments and other general corporate purposes.

If the Offer Price is fixed at the high-end of the indicative range of the Offer Price, being HK\$2.26 per Share, the net proceeds we receive from the Global Offering will increase by approximately HK\$29.9 million. We intend to apply the additional net proceeds for the above purposes on a pro-rata basis. If the Offer Price is set at the low-end of the indicative range of the Offer Price, being HK\$1.85 per Share, the net proceeds we receive from the Global Offering will decrease by approximately HK\$31.0 million. We intend to reduce the net proceeds for the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds from the offering of these additional Shares to be received by us, after deducting underwriting fees and estimated expenses payable by it, will be approximately (i) HK\$40.2 million, assuming the Offer Price is fixed at the high-end of the indicative range of the Offer Price, being HK\$2.26 per Share; (ii) HK\$36.8 million, assuming the Offer Price is fixed at the mid-point of the indicative range of the Offer Price, being HK\$2.055 per Share; and (iii) HK\$33.2 million, assuming the Offer Price is fixed at the low-end of the indicative range of the Offer Price, being HK\$1.85 per Share. Any additional proceeds received by us from the exercise of the Over-allotment Option will also be allocated to the above businesses and projects on a pro rata basis.

SUMMARY

Assuming the Offer Price is fixed at HK\$2.055 per Share (being the mid-point of the indicative range of the Offer Price) and assuming the Over-allotment Option is not exercised, we estimate that the Selling Shareholder will receive approximately HK\$58.6 million, after deducting the underwriting commissions and fees payable by the Selling Shareholder in respect of the Sale Shares. We will not receive the net proceeds from the sale of Sale Shares by the Selling Shareholder in the Global Offering.

If the Over-allotment Option is exercised in full and assuming the Offer Price is fixed at HK\$2.055 per Share (being the mid-point of the indicative range of the Offer Price of HK\$1.85 to HK\$2.26 per Share), the Selling Shareholder will receive additional net proceeds of approximately HK\$19.9 million. We will not receive any of the net proceeds from the sale of the Shares by the Selling Shareholder as a result of the exercise of the Over-allotment Option. We will bear the underwriting commissions, SFC transaction levy and Stock Exchange trading fee payable by us in connection with the issue of the New Shares together with any applicable fees relating to the Global Offering. The Selling Shareholder will be responsible for the underwriting commissions attributable to the Sale Shares, together with Stock Exchange trading fees, SFC transaction levy and any applicable fees in respect of the Sale Shares.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit the net proceeds into short-term demand deposits with authorized financial institutions and/or licensed banks in Hong Kong.

Our proposed alternative plan to use of proceeds

In case where our expansion into and the demand of the PRC market for sales of medical products classified as Category I medical devices (such as medical glove which is a kind of hygienic disposables for clinical use, the application of which is close to those of our current products, which we have an existing network of overseas customers) fall below our expectation, we plan to sell part of our medical products produced in our new production facility to our European and US customers as an alternative plan. Since we intend to commence importing, among others, spine pressure reduction system classified as a Category II medical device from overseas suppliers for on-sale to hospitals in Beijing as part of our strategies to develop business relationship with the hospitals for the future sales of Category II medical devices, the Directors believe that our Group will have up-to-date information regarding the market of Category II medical devices in the PRC. In case it is anticipated by the Directors that the PRC market demand for such products is below our expectation, as an alternative plan, we intend to further expand our production and manufacturing capacity for medical products classified as Category I medical devices, in second phase construction and use part of such proceeds to further expand the sales and distribution network in the European and US markets for medical products so as to leverage on our existing clientele in such medical products market. Further, as to the relevant certificates, permits, licences or regulatory approvals for the production and sales of Category I medical devices and sales of Category II medical devices, if the Group encounters any difficulty or obstruction in obtaining the same, we intend to conduct negotiations with other market players who have already obtained such relevant certificates

SUMMARY

and permits to acquire equity interests of these market players. Accordingly, part of the proceeds originally designated for the first and second phase construction will be applied for such purpose.

We will issue an announcement in Hong Kong if there is any material change in the use of proceeds.

RISK FACTORS

Risks relating to our Company's future plan to enter into the PRC market

- We did not have previous experience in producing and selling aprons and Category I medical devices and importing Category II medical devices in the PRC
- We may not be able to obtain and renew appropriate permits, licences, approvals and/or certificates required for the new production facility in the PRC to manufacture and sell Category I medical devices and selling Category II medical devices in the PRC
- Delay in the construction of our new production facility in the PRC could have a material adverse effect on our financial performance

Risks relating to our Group

- If we are unable to retain key members of our management, our growth and future success may be impaired and our financial condition could suffer
- We depend on sales to a few customers for a significant portion of our revenue and we may fail to maintain our sales level which may affect our operating results and financial performance
- We rely on the quality of services offered by our customers and failure to deliver quality services by our customers to their respective end customers may harm our financial performance
- We depend on certain third party suppliers of raw materials
- Increases in raw material costs or our inability to procure raw materials in a timely manner or at a reasonable market price may adversely affect our business and financial performance
- We face risks associated with the marketing and sale of our products in the PRC which is our major targeted market for our Group's future growth
- Our Controlling Shareholders will retain significant control over our Company after the Global Offering
- A significant natural or other disaster or shortage of electricity involving our manufacturing facility could harm or disrupt our operations

SUMMARY

- Any failure to maintain effective quality control systems at our Group's facilities could have a material adverse effect on its business and operations
- If our Group fails to maintain effective internal controls, its business, financial results and reputation could be materially and adversely affected
- Our Group may be subject to potential product liability
- Failure in constantly improving, enhancing and/or developing innovative product designs or failure in successfully commercializing new products could have a material adverse effect on our business prospects
- The markets for our products are highly competitive
- Our Group currently faces and may in the future continue to face labour shortages which could limit our ability to expand our operations
- Disruptions in the global financial markets, in particular the US and the EU markets could have a material adverse impact on our results of operations, financial condition and cash flows
- Part of our production premises in the PRC may be subject to relocation
- Part of our income during the Track Record Period was derived from non-recurring income
- Fluctuations in the average selling prices of our products may adversely affect our results of operations
- We may not be able to sustain our gross profit and gross profit margin
- We rely on registered patents which cannot be renewed
- Our outstanding trade receivables and the turnover days of our trade receivables have been increasing during the Track Record Period
- A majority of our products are sold to overseas customers who are distributors
- Our operations may be subject to transfer pricing adjustment by competent authority
- We may not be able to expand our sales penetration to markets which we did not have presence during the Track Record Period
- Our profit estimate attributable to owners of our Company for the six months ended 30 September 2010 may not necessarily give an accurate indication of, and should not be interpreted as a guidance of, our full year financial results for the financial year ending 31 March 2011

SUMMARY

Risks relating to our industry

- Failure to comply with environmental regulations may materially and adversely affect our business, financial condition and results of operations
- Changes in laws, regulations and industry standards relating to hygienic disposables may adversely affect our business and results of operations
- Our sales of export products may fluctuate and may drop substantially if our export products become subject to anti-dumping measures or tighter technical standards relating to security, hygiene, technology and environment
- Changes in laws and regulations relating to the use of plastic bags may adversely affect our business and results of operation
- The anticipation of slowing growth trend for degradable retail plastic bags and medical consumable markets may adversely affect our operating results and financial performance

Risks relating to China

- Risks relating to changes in the political and economic climate
- We are subject to foreign exchange risks
- Introduction of new laws or changes to existing laws by the PRC government may adversely affect our business
- Government control of currency conversion and changes in the exchange rate between RMB and other currencies could negatively affect our financial condition, operations and our ability to pay dividends
- We will be subject to higher EIT tax rate after the expiration of our current preferential tax treatment
- We may not be able to enjoy a reduced withholding tax rate under relevant tax treaty
- Newly enacted PRC employment contract law may increase our labour costs
- The medical consumables industry in the PRC is highly regulated, and future government regulations may place additional burdens on our business
- It may be difficult to expand medical consumables business in the PRC as the health care system in the PRC is still at its emerging stage

SUMMARY

Risks relating to the Global Offering

- There has been no prior public market for our Shares and the liquidity and market price of our Shares may be volatile
- You may experience immediate dilution and may experience further dilution if we issue additional Shares in the future
- We cannot assure you that we will declare dividends in the future
- Sale or perceived sale of substantial amounts of our Shares in the public market could materially and adversely affect the price of our Shares

GLOBAL OFFERING STATISTICS

	Based on the minimum Offer Price of HK\$1.85 per Offer Share	Based on the maximum Offer Price of HK\$2.26 per Offer Share
Market capitalization of our Shares ⁽²⁾	HK\$1,233.3 million	HK\$1,506.7 million
Unaudited pro forma adjusted net tangible assets per Share ⁽³⁾	HK\$0.56	HK\$0.65

Notes:

- (1) All statistics in this table are based on the assumption that the Over-allotment Option is not exercised and no options are granted under the Share Option Scheme.
- (2) The market capitalization is calculated based on 666,666,000 Shares expected to be in issue immediately following completion of the Global Offering and the Capitalization Issue and assuming that the Over-allotment Option is not exercised.
- (3) The unaudited pro forma adjusted net tangible assets per Share is calculated after making the adjustments referred to in Appendix II headed “Unaudited pro forma financial information” to this prospectus and on the basis of a total of 666,666,000 Shares in issue immediately following completion of the Global Offering and the Capitalization Issue and assuming that the Over-allotment Option is not exercised.