Newtree Group Holdings Limited
友川集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1323

GLOBAL OFFERING

Sole Sponsor

建银国际
CCB International

Sole Global Coordinator,
Sole Bookrunner and Sole Lead Manager

國泰君安國際
GUOTAI JUNAN INTERNATIONAL

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

Newtree Group Holdings Limited
友川集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**190,000,000 Shares comprising 160,000,000 New Shares and 30,000,000 Sale Shares (subject to the Over-allotment Option)**
Number of Hong Kong Public Offer Shares	**:**	**19,000,000 Shares (subject to adjustment)**
Number of International Placing Shares	**:**	**171,000,000 Shares comprising 141,000,000 New Shares and 30,000,000 Sale Shares (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$2.26 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**HK$0.01 per Share**
Stock code	**:**	**1323**

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" in Appendix VII headed "Documents delivered to the Registrar of Companies and available for inspection" to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The final Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder) on the Price Determination Date, which is expected to be on or around Thursday, 6 January 2011 and in any event, not later than Tuesday, 11 January 2011. The Offer Price will not be more than HK$2.26 and is currently expected to be not less than HK$1.85. If, for any reason, the final Offer Price is not agreed by Tuesday, 11 January 2011 between the Sole Global Coordinator (on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder), the Global Offering will not proceed and will lapse.

The Sole Global Coordinator (on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the estimated Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day of lodging applications under the Hong Kong Public Offering. In the case of such reduction, an announcement will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also be available at the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.newtreegroupholdings.com. If applications for the Hong Kong Public Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering and the number of Offer Shares and/or the estimated Offer Price range is so reduced, such applications cannot be subsequently withdrawn. Details of the arrangement will then be announced by us as soon as practicable. For further information, please refer to the sections headed "Structure of the Global Offering" and "How to apply for the Hong Kong Public Offer Shares" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) if certain grounds for termination arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting — Grounds for termination" in this prospectus.

31 December 2010

Latest time to complete electronic applications under the **HK eIPO White Form** service through the designated website **www.hkeipo.hk**[3]	11:30 a.m. on Wednesday, 5 January 2011
Application lists open[2]	11:45 a.m. on Wednesday, 5 January 2011
Latest time for lodging **WHITE** and **YELLOW** Application Forms and giving **electronic application instructions** to HKSCC[4]	12:00 noon on Wednesday, 5 January 2011
Latest time to complete payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Wednesday, 5 January 2011
Application lists close[2]	12:00 noon on Wednesday, 5 January 2011
Expected Price Determination Date[5]	Thursday, 6 January 2011
Announcement of the Offer Price, the levels of indication of interest in the International Placing, the level of applications in respect of the Hong Kong Public Offering and basis of allocation under the Hong Kong Public Offering to be published on the website of the Stock Exchange at **www.hkexnews.hk**[6] and our Company's website at **www.newtreegroupholdings.com**[7] and in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on or before	Wednesday, 12 January 2011
Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to apply for the Hong Kong Public Offer Shares — Applying by using a **WHITE** or **YELLOW** Application Form — Results of allocations" from	Wednesday, 12 January 2011
Results of allocations in the Hong Kong Public Offering to be available at **www.tricor.com.hk/ipo/result** with a "search by ID" function on	Wednesday, 12 January 2011

Despatch of share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[8] . . . . . Wednesday, 12 January 2011

Despatch of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques in respect of wholly successful (in the event that the final Offer Price is less than the initial price per Hong Kong Public Offer Share payable on application) and wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before[9] . . . . . Wednesday, 12 January 2011

Dealings in the Shares on the Stock Exchange to commence on. . . . . Thursday, 13 January 2011

Notes:

(1) All times and dates refer to Hong Kong local times and dates except as otherwise stated. Details of the structure of the Global Offering, including the conditions of the Hong Kong Public Offering, are set out in the section headed "Structure of the Global Offering" in this prospectus. If there is any change in this expected timetable, an announcement will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese).

(2) If there is a "black" rainstorm warning or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 5 January 2011, the application lists will not open and close on that day. Please see the sub-paragraph headed "Effect of bad weather on the opening of the application lists" under the paragraphs headed "Applying by using a **WHITE** or **YELLOW** Application Form" and "Applying by giving **electronic application instructions** to HKSCC" in the section headed "How to apply for the Hong Kong Public Offer Shares" in this prospectus. If the application lists do not open and close on Wednesday, 5 January 2011, the dates mentioned in this section headed "Expected timetable" may be affected. A press announcement will be made by us in such event.

(3) You will not be permitted to submit your application to the **HK eIPO White Form** Service Provider through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(4) Applicants who apply by giving **electronic application instructions** to HKSCC should refer to the section headed "How to apply for the Hong Kong Public Offer Shares — Applying by giving **electronic application instructions** to HKSCC" in this prospectus.

(5) The Price Determination Date, being the date on which the final Offer Price is to be determined, is expected to be on or around Thursday, 6 January 2011 and in any event, not later than Tuesday, 11 January 2011. If, for any reason, the final Offer Price is not agreed by Tuesday, 11 January 2011 between the Sole Global Coordinator (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

(6) The announcement will be available for viewing on the "Main Board — Allotment of results" page on the website of the Stock Exchange at **www.hkexnews.hk**.

(7) None of the websites or any of the information contained on those websites form part of this prospectus.

(8) Applicants who apply for 1,000,000 Hong Kong Public Offer Shares or more and have indicated in their Application Forms that they wish to collect share certificates (if applicable) and refund cheques (if applicable) in person may do so from our Hong Kong branch share registrar, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, 12 January 2011 or any other date as notified by us in the newspapers as the date of despatch of share certificates/e-Auto Refund payment instructions/refund cheques. Applicants being individuals who opt for personal collection must not authorize any other person to make their collection on their behalf. Applicants being corporations who opt for personal collection must attend by sending their authorized representatives each bearing a letter of authorization from his corporation stamped with the corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong branch share registrar, Tricor Investor Services Limited. Applicants who have applied on **YELLOW** Application Forms may not elect to collect their share certificates, which will be deposited into CCASS for credit of their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. Uncollected share certificates and refund cheques will be despatched by ordinary post to the addresses specified in the relevant applications at the applicants' own risk. Further information is set out in the section headed "How to apply for the Hong Kong Public Offer Shares" in this prospectus.

(9) e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful application and also in respect of successful applications in the event that the final Offer Price is less than the initial price per Hong Kong Public Offer Share payable on application. Part of your Hong Kong identity card number/passport number or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party to facilitate your refund. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of your refund cheque or may invalidate your refund cheque. Further information is set out in the section headed "How to apply for the Hong Kong Public Offer Shares" in this prospectus.

Share certificates are expected to be issued on Wednesday, 12 January 2011 but will only become valid certificates of title provided that the Global Offering has become unconditional in all respect and neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and does not constitute an offer to sell or a solicitation of any offer to buy any security other than the Hong Kong Public Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information not given or representation not made in this prospectus must not be relied upon by you as having been authorized by us, the Sole Global Coordinator, the Sole Sponsor, any of the Underwriters, any of their respective directors, employees and personnel or any other person or party involved in the Global Offering.

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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						For the three months ended 30 June			
	2008		2009		2010		2009		2010	
	HK$'000	*% of turnover*	*HK$'000*	*% of turnover*	*HK$'000*	*% of turnover*	*HK$'000* (unaudited)	*% of turnover*	*HK$'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

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.

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 retails 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

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

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.

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.

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.

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 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**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Revenue	282,080	311,607	427,116	85,139	113,706
Cost of sales	(219,863)	(247,268)	(334,299)	(56,889)	(89,009)
	62,217	64,339	92,817	28,250	24,697
Other income *(Note)*	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	—	—	—	—	(3,746)
Profit before taxation	43,149	43,866	79,948	29,816	17,486
Taxation	—	(335)	(1,004)	(374)	(540)
Profit for the year/period	43,149	43,531	78,944	29,442	16,946
Other comprehensive income					
Exchange difference arising on translation	3,746	1,409	135	24	155
Total comprehensive income for the year/period, attributable to owners of the Company	46,895	44,940	79,079	29,466	17,101
Earnings per share — basic *(HK cents)*	8.52	8.59	15.58	5.81	3.34

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.

Combined statements of financial position

	The Group				The Company
	As at 31 March			As at 30 June	As at 30 June
	2008	2009	2010	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	—	—	—
	66,711	113,550	48,787	47,646	—
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	—
	139,524	141,415	333,895	150,308	—
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	—
	100,279	108,069	156,629	94,800	—
NET CURRENT ASSETS	39,245	33,346	177,266	55,508	—
	105,956	146,896	226,053	103,154	—
CAPITAL AND RESERVES					
Share/Paid-up capital	1,097	1,097	1,175	1,175	—
Reserves	104,859	145,799	224,878	101,979	—
	105,956	146,896	226,053	103,154	—

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**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
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
	282,080	311,607	427,116	85,139	113,706
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	250,349	259,047	225,169	66,700	53,398
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	31,731	52,560	201,947	18,439	60,308
Total	282,080	311,607	427,116	85,139	113,706

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* (unaudited)	*%*	*HK$'000*	*%*
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	62,217	22.1	64,339	20.6	92,817	21.7	28,250	33.2	24,697	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	2,697	8.5	737	1.4	18,163	9.0	2,300	12.5	6,003	10.0
Total	62,217	22.1	64,339	20.6	92,817	21.7	28,250	33.2	24,697	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

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.

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;

- 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.

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

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

- 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

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

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.

In this prospectus, the following expressions shall have the meanings set out below unless the context requires otherwise.

"Able Bright"	Able Bright Limited, a company incorporated in the BVI with limited liability on 25 May 2010, the entire issued share capital of which is owned by Golden Realm
"Application Form(s)"	**WHITE** application form(s), **YELLOW** application form(s) and **GREEN** application form(s), or where the context so requires, any of such forms as used in the Hong Kong Public Offering
"Articles" or "Articles of Association"	the articles of association of our Company, adopted on 17 December 2010 and as amended from time to time, a summary of which is contained in Appendix V to this prospectus
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Bank Sarasin Nominees"	Bank Sarasin Nominees (CI) Limited, a company which is owned as to 10% by Sarasin Trust Company and 90% by Bank Sarasin (CI) Limited, a subsidiary of Bank Sarasin & Cie AG, and is in the business of providing nominee services
"Board" or "our Board"	the board of Directors
"Business Day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
"BVI"	British Virgin Islands
"Capitalization Issue"	the issue of 466,656,000 new Shares to be made upon the capitalization of certain sums standing to the credit of the share premium account of our Company upon completion of the Global Offering as referred to in the section headed "Further information about our Company — Written resolutions of our sole Shareholder passed on 17 December 2010" in Appendix VI headed "Statutory and general information" to this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant

"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CCBIC" or "Sole Sponsor"	CCB International Capital Limited, a licensed corporation registered under the SFO to engage in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this prospectus, Hong Kong, Macau and Taiwan
"Chum Baokang Medical"	Beijing Chum Baokang Medical Technological Development Company Limited* (北京覃寶康醫療科技發展有限公司), a company established in the PRC on 16 September 2010, which is wholly-owned by Nupoly
"Chum Family"	Mr. Chum, Mrs. Chum, Mr. Desmond Chum and Ms. Shirley Chum or any one or more of them where the context so requires
"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company", "the Company" or "our Company"	Newtree Group Holdings Limited 友川集團控股有限公司 (formerly known as Newtree Clinical Consumables Holdings Limited), an exempted company incorporated in the Cayman Islands on 9 June 2010 with limited liability
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules, and in the context of our Company, means Mr. Chum, The Chum's Family Trust, Able Bright and Golden Realm
"Deed of Non-Competition"	the deed of non-competition undertaking dated 17 December 2010 entered into by the Controlling Shareholders in favour of our Company (for ourselves and for benefit of our subsidiaries)

"Director(s)"	the director(s) of our Company
"English Legal Advisers"	Fladgate LLP, 16 Great Queen Street, London, WC2B 5DG
"EU Patents"	the two patents which are in force and registered in EU (UK and Germany), details of which are set out in 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
"EU Patents Assignment"	the assignment dated 9 November 2010 whereby Mr. Chum, as the then registered owner of the EU Patents, assigned the same to Greenstar at a consideration of HK$10
"European Union" or "EU"	an economic and political union established under the Treaty of Maastricht in 1993 (as amended, supplemented or otherwise modified from time to time), currently comprising 27 member states located primarily in Europe
"GDP"	gross domestic product
"GEM"	the Growth Enterprise Market of the Stock Exchange
"Global Offering"	the Hong Kong Public Offering and the International Placing
"Golden Realm"	Golden Realm Limited, a company incorporated in the BVI with limited liability on 25 May 2010, the entire issued share capital of which is registered in the name of Bank Sarasin Nominees. Bank Sarasin Nominees acts as nominee for Sarasin Trust Company as the trustee of The Chum's Family Trust
"Green Application Form(s)"	the application form(s) to be completed by the **HK eIPO White Form** Service Provider
"Greenstar"	Greenstar Enviro-Tech Investments Company Limited (綠星環保科技投資有限公司), a company incorporated in the BVI with limited liability on 12 January 2010 and is wholly-owned by our Company
"Group" or "our Group" or "we" or "us"	our Company and its subsidiaries or any of them, or where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time

"Guotai Junan Securities" or "Sole Global Coordinator" or "Sole Bookrunner" or "Sole Lead Manager"	Guotai Junan Securities (Hong Kong) Limited, a corporation licensed to conduct type I (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
"High Den"	High Den Enterprises Limited, a company founded by Mr. Chum and Mrs. Chum, and incorporated in Hong Kong with limited liability on 5 February 1985, which has ceased operations since April 2006 and the entire issued shares of which were subsequently disposed of to two Independent Third Parties on 26 May 2010
"HK$" and "cents"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"HK eIPO White Form"	the application of Hong Kong Public Offer Shares for issue in the applicant's own name by submitting applications online through the designated website at **www.hkeipo.hk**
"HK eIPO White Form Service Provider"	the **HK eIPO White Form** service provider designated by the Company, as specified on the designated website at **www.hkeipo.hk**
"HKFRS"	Hong Kong Financial Reporting Standards promulgated by HKICPA
"HKICPA"	The Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Public Offer Shares"	the 19,000,000 New Shares (subject to reallocation) being initially offered by our Company for subscription in the Hong Kong Public Offering, as described under the section headed "Structure of the Global Offering" in this prospectus
"Hong Kong Public Offering"	the issue and offer of the Hong Kong Public Offer Shares for subscription in Hong Kong at the Offer Price (plus brokerage, HKEx trading fee and SFC transaction levy) on and subject to the terms and conditions described in this prospectus and the Application Forms

"Hong Kong Underwriters"	the Underwriters of the Hong Kong Public Offering, whose names are set out under the section headed "Underwriting — Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated 30 December 2010 and entered into by, among others, us, the Sole Global Coordinator and the Hong Kong Underwriters relating to the Hong Kong Public Offering
"Huizhou Junyang"	Huizhou Junyang Plastics Company Limited* (惠州市駿洋塑膠有限公司), a company established in the PRC on 24 October 2000 and indirectly wholly-owned by our Company. It is the principal manufacturing entity of our Group
"Independent Third Party(ies)"	person(s) or company(ies) which is/are independent of and not connected with any member of our Group, the directors, chief executives and substantial shareholders of our Company or any of its subsidiaries and any of their respective associates within the meaning of the Listing Rules
"International Placing"	the placing of the International Placing Shares at the final Offer Price to professional, institutional and other investors, as described under the section headed "Structure of the Global Offering" in this prospectus
"International Placing Shares"	the 171,000,000 Shares (comprising 141,000,000 New Shares and 30,000,000 Sale Shares) initially offered by our Company and the Selling Shareholder for subscription and purchase under the International Placing, subject to adjustment and the exercise of the Over-allotment Option, as described under the section headed "Structure of the Global Offering" in this prospectus
"International Underwriters"	the Underwriters of the International Placing, whose names are set out under the section headed "Underwriting — International Underwriters" in this prospectus
"International Underwriting Agreement"	the underwriting agreement expected to be entered into on or around 6 January 2011 by, among others, us, the Selling Shareholder, the Sole Global Coordinator and the International Underwriters relating to the International Placing
"Latest Practicable Date"	24 December 2010, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
"Listing"	the listing of our Shares on the Stock Exchange

"Listing Committee"	the listing sub-committee of the board of directors of the Stock Exchange
"Listing Date"	the date on which dealings in our Shares first commence on the Main Board of the Stock Exchange, which is expected to be on or about Thursday, 13 January 2011
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Macau"	the Macau Special Administrative Region of the PRC
"Macau Legal Advisers"	Leong Hon Man Law Office, our legal advisers as to Macau laws
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange, independent from and operated in parallel with the GEM
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company, as amended from time to time, a summary of which is contained in Appendix V to this prospectus
"MOFCOM"	the PRC Ministry of Commerce (中華人民共和國商務部), or its predecessor, the Ministry of Foreign Trade and Economic Cooperation, as appropriate to the context
"MOP$"	Macau Patacas, the lawful currency of Macau
"Mr. Chum"	Mr. Chum Tung Hang (覃通衡), a founder of our Group, chairman of our Company, one of our executive Directors, settlor of The Chum's Family Trust and a Controlling Shareholder
"Mr. Desmond Chum"	Mr. Chum Hon Sing (覃漢昇), one of our executive Directors and son of Mr. Chum and Mrs. Chum and brother of Ms. Shirley Chum
"Mrs. Chum"	Ms. Lei Sao Cheng (李秀清), a founder of our Group, one of our executive Directors and wife of Mr. Chum
"Ms. Shirley Chum"	Ms. Chum Wing Sze (覃詠思), daughter of Mr. Chum and Mrs. Chum and sister of Mr. Desmond Chum
"NDRC"	the PRC National Development and Reform Commission (中華人民共和國國家發展和改革委員會)

"New Shares"	160,000,000 new Shares initially being offered by us for subscription under the Global Offering and up to 18,500,000 new Shares to be offered for subscription in the event the Over-allotment Option is exercised
"Nupoly"	Nupoly Medical Supply Development Co. Limited (新保利醫療用品發展有限公司), a company incorporated in Hong Kong with limited liability on 25 March 2010 and an indirect wholly-owned subsidiary of our Company and the sole equity owner of Chum Baokang Medical
"Offer Price"	the offer price per Offer Share (exclusive of brokerage of 1%, HKEx trading fee of 0.005% and SFC transaction levy of 0.003%) at which the Offer Shares are to be subscribed or purchased pursuant to the Global Offering
"Offer Shares"	the Hong Kong Public Offer Shares and the International Placing Shares
"Over-allotment Option"	the option expected to be granted by our Company and the Selling Shareholder under the International Underwriting Agreement to the International Underwriters, exercisable by the Sole Global Coordinator (on behalf of the International Underwriters), pursuant to which our Company may be required to allot and issue up to an aggregate of 18,500,000 additional New Shares at the Offer Price, and the Selling Shareholder may be required to sell up to an aggregate of 10,000,000 additional Sale Shares, being an aggregate of 28,500,000 Shares, representing 15% of the initial number of Offer Shares offered under the Global Offering, at the Offer Price to, among other things, cover the over-allocations (if any) in the International Placing, as described in the section headed "Structure of the Global Offering" in this prospectus
"Patent Assignments"	the EU Patents Assignment, the PRC Patents Assignment and the US Patents Assignment
"PBOC"	the People's Bank of China* (中國人民銀行), the central bank of the PRC
"PBOC Rate"	the exchange rate for foreign exchange transactions set daily by the PBOC based on the China inter-bank foreign exchange market rate of the previous day and with reference to current exchange rates on the world financial markets

"PRC Company Law"	Company Law of the PRC* (中華人民共和國公司法) (as amended, supplemented or otherwise modified from time to time)
"PRC GAAP"	generally accepted accounting principles in the PRC
"PRC Government" or "Chinese Government" or "State"	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof, or where the context requires, any of them
"PRC Legal Advisers"	Commerce & Finance Law Offices, our legal advisers as to PRC law
"PRC Patents"	the 14 patents which are in force and registered in the PRC, details of which are set out in 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
"PRC Patents Assignment"	the assignment dated 13 December 2010 whereby Mr. Chum as the registered owner of the PRC Patents, assigned the same to Huizhou Junyang at nil consideration
"PRC Patents Licence Agreements"	a patent licence agreement dated 3 November 2010 and a supplemental licence agreement dated 13 December 2010 pursuant to which Mr. Chum as the licensor granted licence to Huizhou Junyang as the licensee for the use of the PRC Patents at nil consideration under both agreements
"Price Determination Date"	the date, expected to be on or around Thursday, 6 January 2011 but in any event not later than Tuesday, 11 January 2011, on which the Offer Price will be determined for the purposes of the Global Offering
"Ramber"	Ramber Industrial Limited (永霸實業有限公司), a company incorporated in Hong Kong with limited liability on 16 June 1989 and an indirectly wholly-owned subsidiary of our Company which in turn holds 50% equity interest in Huizhou Junyang
"Regulation S"	Regulation S under the US Securities Act
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC

"Reorganization"	the pre-listing reorganization of our Group, further details of which are described under the section headed "History, reorganization and group structure — Reorganization" in this prospectus
"SAFE"	State Administration of Foreign Exchange of the PRC* (中華人民共和國國家外滙管理局)
"Sale Shares"	30,000,000 Shares to be offered for purchase by the Selling Shareholder at the Offer Price under the International Placing and up to 10,000,000 Shares to be offered for sale in the event the Over-allotment Option is exercised
"Sarasin Trust Company"	Sarasin Trust Company Guernsey Limited, the trustee of The Chum's Family Trust and a company wholly owned by Bank Sarasin (CI) Limited, a subsidiary of Bank Sarasin & Cie AG. Sarasin Trust Company is in the business of providing trust and company management services, and is licensed and regulated by the Guernsey Financial Services Commission
"Selling Shareholder"	the selling shareholder whose name and particulars appear in the section headed "Other information — Particulars of the Selling Shareholder" in Appendix VI headed "Statutory and general information" to this prospectus
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) with par value of HK$0.01 each in the share capital of our Company
"Share Option Scheme"	the share option scheme conditionally adopted by our Company, further details of which are described in the section headed "Further information about Directors, management and staff — Share Option Scheme" in Appendix VI headed "Statutory and general information" to this prospectus
"Shareholder(s)"	holder(s) of our Share(s)
"State Council"	the State Council of the PRC

"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into between Able Bright and the Sole Global Coordinator on or about the same date as the International Underwriting Agreement
"Stock Exchange" or "HKEx"	The Stock Exchange of Hong Kong Limited
"subsidiaries"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	the Hong Kong Codes on Takeovers and Mergers and Share Repurchases, as approved by the SFC and as amended, supplemented or otherwise modified from time to time
"Tary"	Tary Limited (騰美有限公司), a company incorporated in Hong Kong with limited liability on 14 March 1986 and an indirectly wholly-owned subsidiary of our Company which in turn holds 50% equity interests in Huizhou Junyang
"The Chum's Family Trust"	a discretionary trust set up by Mr. Chum as the settlor and Sarasin Trust Company as the trustee, the beneficiaries of which are certain members of Mr. Chum's family
"Track Record Period"	the period comprising the three financial years of our Group ended 31 March 2008, 2009 and 2010 and the three months ended 30 June 2010
"Two-Two-Free"	Two-Two-Free Limited — Macao Commercial Offshore (駿昇有限公司 — 澳門離岸商業服務), a limited company incorporated in Macau on 5 February 2004 and approved for engaging in offshore commercial services and an indirectly wholly-owned subsidiary of our Company
"UAE"	the United Arab Emirates
"UN"	the United Nations
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement

"United Kingdom" or "UK" or "Britain"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "US" or "USA"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US Legal Advisers"	Dorsey & Whitney LLP, our special legal advisers who advised us on legal issues involving US Product Safety Regulations pertaining to Plastic Film Bags and US Antidumping Law
"US Patents"	the two patents which are in force and registered in US, details of which are set out in 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
"US Patents Assignment"	the assignment dated 20 October 2010 whereby Mr. Chum, as the then registered owner of the US Patents, assigned the same to Greenstar at a consideration of US$1
"US Securities Act"	the United Securities Act of 1933, as amended
"USD", "US dollars" or "US$"	United States dollars, the lawful currency of the United States
"VAT"	the value added tax enforced in the PRC pursuant to the Provisional Rules Governing Value Added Tax of the PRC* (中華人民共和國增值税暫行條例), as amended, supplemented or otherwise modified from time to time
"WTO"	the World Trade Organization
"%"	per cent

In this prospectus, the English names of PRC nationals, entities, departments, facilities, certificates, titles, etc. marked "" are translations of their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese name shall prevail.*

Unless expressly stated or otherwise required by the context, all data contained in this prospectus are as at the Latest Practicable Date.

Unless otherwise specified, all references to any shareholding in our Company in this prospectus assume no exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

This glossary contains certain definitions and technical terms in this prospectus which relate to our business and the industries and sectors that we operate in. As such, some terms and definitions may not correspond to standard industry definitions or usage of such terms.

"CAGR"	compound annual growth rate
"calcium carbonate"	a chemical compound with the chemical formula $CaCO_3$. It is a common substance found in rock in all parts of the world, and is the main component of shells of marine organisms, snails, pearls, and eggshells. Calcium carbonate is the active ingredient in agricultural lime. It is commonly used medicinally as a calcium supplement or as an antacid
"Category I medical device(s)"	a category of medical device as stipulated under the Administrative Provisions on Administration and Supervision of Medical Devices* (《醫療器械監督管理條例》), the safety and effectiveness of which could be sufficiently ensured through conventional management
"Category II medical device(s)"	a category of medical device as stipulated under the Administrative Provisions on Administration and Supervision of Medical Devices* (《醫療器械監督管理條例》), the safety and effectiveness of which should be controlled
"Category III medical device(s)"	a category of medical device as stipulated under the Administrative Provisions on Administration and Supervision of Medical Devices* (《醫療器械監督管理條例》), which is (i) implanted into the human body; (ii) for the purpose of supporting and/or maintenance of life and; (iii) potentially dangerous to human body, and the safety and effectiveness of which should be strictly controlled
"CIF"	acronym for cost, insurance and freight, whereby the seller is required to arrange for the carriage of goods by sea to a port of destination, and provide the buyer with the documents necessary to obtain the goods from the carrier
"coupling agent"	a chemical substance capable of reacting with both the reinforcement and the resin matrix of a composite material. Agent acts as interface between resin and glass fiber (or mineral filler) to form a chemical bridge between the two
"degradable polymers"	polymers that are able to degrade in different ways and in different environments

"film bag(s)"	soft container(s) produced by the Company from polyethylene by extrusion in a continuous tubular form, with or without a handle, in which things can be carried from place to place
"FOB"	acronym for free on board, whereby the seller is only responsible for transporting goods to the ports or airfields of the production country, after which point the buyer bears all costs and risks of loss or damage to the goods
"GFA"	gross floor area
"hygienic disposable(s)"	product(s) produced and sold by the Company, including clinical and household waste bags, disposable film bags and aprons, which are disposable items designed for one time usage
"oxo-biodegradable"	degradable through the incorporation of additives which trigger and/or accelerate the degradation, which makes it degrade, then biodegrade, on land or at sea, in the light or the dark, in heat or cold, in whatever timescale is required
"polyethylene"	a thermoplastic polymer which contains the chemical elements carbon and hydrogen. It is the most widely used plastic, primarily used within packaging
"polyethylene wax"	an essential lubricant additive which gives a shiny surface to the finished product
"polymer"	any of numerous natural and synthetic compounds of usually high molecular weight consisting of up to millions of repeated linked units, each a relatively light and simple molecule
"sq.m"	square meter(s)
"titanium dioxide"	produced from either ilmenite, rutile or titanium slag. It is a white powder pigment used in products such as paints, coatings, plastics, paper, inks, fibres, food and cosmetics
"ton(s)"	metric ton(s)
"tpa"	tons per annum
"utilization rate"	a percentage calculated by dividing the actual annual production volume by the designed annual production volume
"°C"	degree celsius

This prospectus contains certain statements that are "forward-looking" and uses forward-looking terminology such as "anticipate", "believe", "expect", "may", "plan", "consider", "ought to", "should", "would", "shall", "will" and the negative of these terms and other similar expressions, as they relate to us. Those statements include, among other things, the discussion of our growth strategy and the expectations of our future operations, liquidity and capital resources, which reflect our management's current view with respect to future events based on the beliefs of our management and assumptions made by and information currently available to our management, and are subject to certain risks, uncertainties and factors, including the risk factors described in the section headed "Risk factors" in this prospectus. Potential investors of the Offer Shares are cautioned that reliance on any forward-looking statement involves risk and uncertainties and that, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect or at all. In light of these, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our Group's plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in the section headed "Risk factors" in this prospectus. We do not intend to update these forward-looking statements in addition to our on-going disclosure obligations pursuant to the Listing Rules or other requirements of the Stock Exchange. Investors should not place undue reliance on such forward-looking information.

You should carefully consider all of the information set out in this prospectus, including the risks and uncertainties described below before making an investment in the Offer Shares. You should pay particular attention to the fact that we are incorporated in the Cayman Islands and that our Group's principal operations are conducted in the PRC and are governed by a legal and regulatory environment that differs from that prevailing in other countries. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. The trading price of the Shares could decline due to any of these risks, and you may lose all or part of your investment.

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 have not had any previous experience in producing and selling aprons and Category I medical devices and importing Category II medical devices in the PRC. We are uncertain as to whether the aprons and Category I medical devices manufactured and sold and Category II medical devices imported by us may achieve the level of market acceptance that we expect or at all. Given our lack of experience in the PRC's clinical product market, we cannot assure that we will be able to identify the needs and preferences of customers and to adjust product designs that correspond to such needs and preferences; and we also cannot assure that such Category I medical devices and Category II medical devices developed or imported by us will become commercially successful. In such circumstances, the Group's business, growth prospects, financial condition and results may be adversely affected.

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

The new production facility that we plan to construct in the PRC is intended for manufacturing Category I medical devices. In this regard, we are required to obtain appropriate permits, licences, approvals and/or certificates from the relevant government authorities in China to engage in the production and sale of Category I medical devices in China. We also may need to obtain appropriate permits, licences, approvals and/or certificates for importing and selling Category II medical devices. In addition, we may need to extend or renew our permits, licences, approvals and/or certificates with the competent authorities in accordance with the then prevailing legal and regulatory requirements when the valid periods of such permits, licences, approvals and/or certificates expire.

We had not yet obtained the relevant permits, licences, approvals and/or certificates, for our new production facility and selling Category II medical devices in the PRC. There is no assurance that we will be successful in obtaining such certificates, permits, licences and regulatory approvals.

If we are unable to obtain relevant permits, licences, approvals and/or certificates required for the new production facility in the PRC following completion of its construction and selling Category II medical devices, we will not be able to manufacture and sell our Category I medical devices and import and sell Category II medical devices in China. Further, increasing compliance standards in relation to these permits, licences, approvals and/or certificates or change of interpretation of any existing laws or regulations will increase our compliance costs or make it more restrictive for us to conduct any part of our business, which may adversely affect our operations and profitability.

Delay in the construction of our new production facility in the PRC could have a material adverse effect on our financial performance

Currently, our production facility which is located in Huizhou, the PRC, is mainly for the production of our existing products. As part of our growth strategy, we plan to leverage on our products and market experience with the European and US markets and tap into the Chinese medical consumables market and in this regard, we are planning to construct a production facility in the PRC for the manufacture of medical gloves (classified as a Category I medical device in accordance with the "Medical Devices Classification Index"* (《醫療器械分類目錄》)) and aprons. For further details of our plans to construct a new production facility, please refer to the sub-paragraph headed "Expand into the medical consumables market in China" in the section headed "Business" in this prospectus. Although it is also our intention to commence importing spine pressure reduction system (classified as a Category II medical device in accordance with the "Medical Devices Classification Index"* (《醫療器械分類目錄》)) from overseas suppliers of medical hygienic disposables for on-sale to hospitals in Beijing, the PRC, before completion of our new production facility construction as an initial step to penetrate into the PRC market, if we are unable to commence and complete the construction as planned, we may not be able to produce our own medical products for sale in the PRC in accordance with our overall market expansion plan. This may have an adverse effect on business, financial conditions and results of operations.

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 believe that our success and growth depend on a significant degree upon the continued active contribution and involvement of our executive Directors and senior management team, including Mr. Chum and Mrs. Chum, both our founders and executive Directors, and Mr. Desmond Chum, our executive Director. The Directors believe that these persons possess the relevant knowledge, experience and skills for our business and the future development of our Group and are therefore essential to our Group in carrying out its future plans.

Our executive Directors and senior management team have made key contributions in the formulation of our overall business strategy and are responsible for our research and development and marketing effort. In particular, most of the patents that our Group used were developed by Mr. Chum and thus our Group relies significantly on Mr. Chum's experiences for our research and development activities. In fact, Mr. Chum heads our Group's research and development activities, supported by a team of three research and development staff. Our executive Directors and senior management team will continue to play important roles in our continuing business development and growth.

However, there is no assurance that our Group will be able to retain the services of our executive Directors and other senior management members or if necessary to replace any such personnel with people who have similar knowledge, skills and experience. If we lose the service of any of our executive Directors or senior management members, or if we fail to recruit personnel with suitable experience and qualifications to replace these executive Directors or senior management members, our business, operations, financial performance and future prospects of our Group could be adversely affected.

Please refer to the section headed "Directors, senior management and employees" in this prospectus and the paragraph headed "Further information about Directors, management and staff" in Appendix VI headed "Statutory and general information" to this prospectus for details of the past work experience of our executive Directors and their service agreements with our Company, respectively.

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

For the three years ended 31 March 2010 and the three months ended 30 June 2010, our largest customers accounted for approximately 28.1%, 28.8%, 32.6% and 45.1% of our total sales, respectively, while our aggregate sales to our top five customers accounted for approximately 84.6%, 76.1%, 87.1% and 92.3% of our Group's total revenue, respectively. Our Group has adopted a competitive pricing for our products in order to maintain our business relationship with our major customers. If any of these customers substantially reduces its orders or product prices or terminates its business relationship with us, we cannot assure that our Group would be able to make up the decrease in business by obtaining orders of similar volumes or at all from other customers.

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 have not developed a brand name for our own products. However, our customers may use their own brand names on our products which are sold to the end customers.

We rely on a number of customers that we do not own or control for sales of our products to end customers and have very limited ability to influence the level of customer service that our direct customers provide. If our customers are unable to deliver satisfactory services to their respective end customers, sales of our products may be adversely affected, which could in turn negatively impact our business and financial conditions.

We depend on certain third party suppliers of raw materials

For the three years ended 31 March 2010 and the three months ended 30 June 2010, purchases from our top five suppliers accounted for approximately 66.9%, 48.9%, 64.5% and 63.5% of our total cost of sales, respectively and purchases from our largest supplier accounted for approximately 26.5%, 16.7%, 36.9% and 36.1% of our total cost of sales, respectively.

There is no assurance that our suppliers will continue to be able to supply at prices and terms and conditions acceptable to us in the future. There is also no assurance that new sources of supply will be available in a timely manner in the event that any of our Group's existing suppliers is unable to meet our orders. In the event that our suppliers cease supplying to us for any reason and no suitable replacement of suppliers can be identified within a short period of time, our business, operations and financial conditions may be adversely affected.

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

The principal raw material used by our Group in our production is polyethylene (聚乙烯). The cost of polyethylene accounted for over 75% of our Group's total cost of raw materials, for each of the three financial years ended 31 March 2010 and the three months ended 30 June 2010. Our cost of raw material, in aggregate, represents a substantial portion of the operating expenses of our Group.

As polyethylene is petrochemical derivative, fluctuations in oil prices could result in corresponding fluctuations in the prices of this material in the international market.

Our Group's raw material supplies are also subject to a variety of factors that are beyond our control, including market shortages, supplier's business interruptions, government control and regulations of energy industries, weather conditions and overall economic conditions.

In the future, there may be periods of time when our Group is unable to pass raw material cost increases onto our customers quickly enough to avoid adverse impacts on our Group's profit margins. Our Group's business, prospects, financial condition and results of operations could be materially affected by increases and volatility of these costs and any shortage in supply of raw materials. In addition, in the event that raw material costs increase rapidly and are passed along to customers as product price increases, the credit risks associated with certain customers may increase and demand for our Group's products may decrease.

There is no assurance that raw material prices will not fluctuate or we will not experience any shortage of supply of raw material in the future, which could adversely affect our Group's business, operation 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

During the Track Record Period, substantially all of our revenues were generated from sales to overseas markets. Going forward, it is part of our business strategy to expand our sales coverage to the PRC where we believe the markets for our products are likely to grow significantly in the near future. The marketing and sale of our products to the PRC markets expose us to a number of risks, including:

- difficulty with developing and maintaining an effective marketing and distributing presence in the PRC;
- inability to enforce intellectual property rights for our products or technology; and
- unanticipated changes in prevailing economic conditions and regulatory requirements.

During the Track Record Period, the focus of our business activities was mainly in the UK, other European countries and the US. We may not be able to develop and implement policies and strategies that will be effective in the PRC. A change in the factors described above may have a material effect on our business, growth prospects, financial condition and results of operations.

Our Controlling Shareholders will retain significant control over our Company after the Global Offering

Immediately following completion of the Global Offering (but excluding any Shares which may be allotted and issued or sold pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme), The Chum's Family Trust and Mr. Chum as settlor of The Chum's Family Trust, both being our Controlling Shareholders, through Golden Realm and Able Bright, will be indirectly interested in approximately 71.5% of our issued share capital. As a result, our Controlling Shareholders will be able to exercise significant influence over certain matters which require

Shareholders' approval, including the election of our Directors, amendments of our memorandum and articles of association, dividend payments and other significant corporate transactions that may require Shareholders' approval.

The interests of our Controlling Shareholders could conflict with those of our other Shareholders and they may take actions that favour their own interests and which may not be in the best interests of other Shareholders. Such conflicts could result in adverse impact on our business and prospects.

A significant natural or other disaster or shortage of electricity involving our manufacturing facility could harm or disrupt our operations

Our revenues are dependent on the continued operations of our production facilities in Huizhou, the PRC. Any significant natural disaster such as typhoons, flood, earthquake, other acts of God, terrorist attacks, disruption in the supply of utilities, failure or substandard performance of our machinery could result in an interruption or delay of our operations.

We generally rely on city power supply for our production and other operating activities. However, we cannot assure you that we will not suffer from or be affected by blackouts or a shortage of electricity in the future. Any prolonged interruption to the operation of our Group's production facilities due to shortages in electricity supply may have a material adverse effect on our Group's profitability, business and reputation.

Any failure to maintain effective quality control systems at our Group's facilities could have a material adverse effect on its business and operations

The quality of our products are critical to our business success. Maintaining consistent quality for our products depends significantly on the effectiveness of our Group's quality control systems, which in turn depends on a number of factors, including the design of our quality control systems and our ability to ensure that our employees adhere to those quality control policies and guidelines. Any significant failure or deterioration of our quality control systems could have a material adverse effect on our business reputation, results of operations and financial condition.

Huizhou Junyang is accredited with ISO9001 certification, an internationally recognized certification relating to environmental and quality management standards. It has also been recognized by certain of our Group's major customers for meeting such customers' rigorous manufacturing and quality control standards. Some of our major customers conduct site visits at our production premises on a regular basis so as to ensure that our production meets their respective manufacturing and quality control standards. Our Directors believe that the certification and recognitions are a significant contributor to our Group's overall success. Accordingly, any significant failure or deterioration of our Group's quality control systems could result in our Group losing such certification and recognitions, which in turn could have a material adverse effect on our Group's reputation and prospects.

If our Group fails to maintain effective internal controls, its business, financial results and reputation could be materially and adversely affected

Our Company will become a public company after Listing, and our Group's internal control system will be essential to the integrity of its business and financial results, and its public reporting obligations are expected to place a strain on our Group's management, operational and financial resources and systems in the foreseeable future.

In the past, we had incidents of internal control oversights. More particularly, one of our subsidiaries, Ramber, had failed to prepare any audited accounts for the period from 2001 to 2010 as required under the Companies Ordinance (for further details, please refer to the sub-paragraph headed "Failure to prepare audited accounts in compliance with Companies Ordinance" set out in the section headed "Business" in this prospectus). To avoid future occurrence of such non-compliance and in preparation for the Listing, our Group has implemented measures to enhance its internal controls and has adopted detailed guidelines for internal financial and audit procedures.

However, due to our Group's limited experience with the internal control measures adopted to date, we may not be able to maintain strict adherence at all times during this relatively early stage of implementation. Our efforts to enhance internal controls have required, and will continue to require, increased costs and significant management time and commitment. If our Group fails to strictly adhere to the internal control measures adopted and/or fails to continuously maintain effective internal controls in the future, our business, financial results and reputation may be materially and adversely affected as a result.

Our Group may be subject to potential product liability

If products developed and sold by our Group contain defects which adversely affect the quality of such products, we may incur additional costs in correcting the defects or defending any legal proceedings and/or claims brought by our customers against our Group for damages. We do not maintain any product liability insurance against product liabilities of our products as it is not a statutory requirement under the current PRC laws and regulations to maintain such insurances. There can be no assurance that our Group will not be the subject of any such product liability claims in the future and, accordingly, our Group will not be covered or compensated by insurance in respect of losses, damages, claims and/or liabilities arising from or in connection with product or third party liability. These incidents could adversely affect the reputation and profitability of our Group.

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

Our future growth is dependent on our ability to improve our existing products, diversify our product range and develop new and competitively priced products that can meet the requirements of the changing market. Factors that could affect our ability to introduce new products include, among others, limited capital resources, the inability to

attract and retain qualified product development staff, intellectual property rights of competitors that may limit our ability to offer comparable products and any failure to anticipate changes in tastes, buying preferences or needs of customers.

There can be no assurance that we will be able to identify trends in tastes, buying preferences or needs of customers and develop new product designs or ideas that respond to such trends in a timely manner or at all. Any delay or failure to develop and introduce new products may significantly impede our business and our ability to compete.

Additionally, we cannot assure that we will be able to develop and launch new products in a timely manner or that they will become commercially successful. New products that appear to be promising at their early phases of development may fail to be commercialized. Even if such new products can be successfully commercialized, they may not achieve the level of market acceptance that we expect.

The markets for our products are highly competitive

The hygienic disposable industry is highly competitive worldwide and in the PRC. The Directors also envisage that the selling price of our products and revenues generated from product orders may be driven down due to competition. There is no assurance that our Group would be able to maintain our profit margin or sustain our market share. If our Group fails to maintain its competitiveness by continuing to expand its product portfolio, maintaining competitive prices; or if the number of competitors increases substantially, or if their service quality improves rapidly, or if the commercial terms they offer are more competitive, the profitability of our Group would be materially and adversely affected.

Our Group currently faces and may in the future continue to face labour shortages which could limit our ability to expand our operations

The success of our operations relies in part on the availability of manual labour for our PRC production base at rates acceptable to us. The competition for such personnel is intense in the PRC, and there have been instances of shortages in the supply of labour in Guangdong Province and the southern parts of the PRC.

Recently, Guangdong Province had experienced a relatively limited market for the supply of workers for our operations in Huizhou. We had been facing significant competition for the services of these workers of other provinces in the PRC, which may require us to increase the wages of these workers in the future.

In the event of a shortage of labour, we may have difficulties in recruiting or retaining labour for our production at costs acceptable to us and our ability to maintain sufficient labour levels to satisfy our production needs may be hindered.

Continuing increases in the wages of these workers will increase our production cost, which may exert significant pressure on us to increase the selling prices of our Group's products, which in turn may then affect the demand of such products and thereby adversely affect our Group's sales and financial condition. Increase in labour costs required for

production of our Group's products may cause similar adverse effects, particularly if our Group is unable to identify and employ other appropriate means to reduce our production cost.

Furthermore, our Group may not be able to pass on the increased cost to customers by increasing the selling prices of its products in light of competitive pressure in the markets where it operates. In such circumstances, our Group's profit margin and financial results may be adversely affected.

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

The recent global financial crisis and economic downturn adversely affected economies and business around the world, including the US, the UK and other developed countries.

Although the government of the US, the UK and other European countries have adopted flexible macroeconomic policies including fiscal stimulus package aimed at offsetting the slowdown brought about by the financial crisis, the growth of overall economy of these countries has been quite severely impacted. The global financial crisis also resulted in a tightening in credit markets, a low level of liquidity in many financial markets and increased volatility in credit and equity markets.

Many financial institutions worldwide have tightened lines of credit and reduced the amount of funding available to borrowers. If our Group shall need to obtain banking facilities in the future and if these conditions continue, worsen or recur, they may adversely affect the availability, terms and cost of borrowings in the future.

More particularly, our business, results of operations and financial condition may be adversely affected in a number of ways, including:

- our customers may seek to reduce discretionary spending by delaying or foregoing their purchases of our products;
- our customers may decide not to purchase our products at similar volumes as in the past or at all;
- our customers may experience deterioration of their financial condition, such as bankruptcy, insolvency or other credit failure, and they may therefore not be able to meet their financial obligations to us or may delay payment to us;
- our suppliers may be forced to shorten their credit terms granted to us in view of tightening cashflow; or
- financing and other sources of liquidity may not be available on acceptable terms or at all.

The timing and nature of any recovery in worldwide financial markets and the global economy remain uncertain, and there can be no assurance that market conditions will improve in the near future or if they improve, that they will not deteriorate again.

Upon Listing, the price and trading volume of our Shares may likely be subject to similar market fluctuations which may be unrelated to our operating performance or prospects. Moreover, these recent and developing economic and governmental factors may have a material adverse effect on our results of operation, financial condition or cash flows and could cause the price of our Shares to decline significantly, and you may lose a significant portion of your investment.

Part of our production premises in the PRC may be subject to relocation

As at the Latest Practicable Date, our Group occupied a total of 11 buildings or units in the PRC with a total construction area of approximately 44,544 sq.m, all of which are situated on two parcels of land owned by our Group. Our Group has obtained building ownership certificates for eight of the 11 buildings or units with a total construction area of approximately 30,151 sq.m. The remaining three are temporary structures mainly used for production and warehouse purposes, having a total construction area of approximately 14,393 sq.m ("**Temporary Structures**"), representing approximately 32.3% of the total construction area of all the buildings used by us.

We have obtained, on 12 August 2009 and 28 May 2010 respectively, approvals from the relevant authorities in the PRC ("**Temporary Approvals**") for the Temporary Structures, with a term of two years starting from the date of the respective approvals ("**Approved Periods**"), pursuant to which we are approved to have the Temporary Structures erected on the areas specified therein. Notwithstanding that, according to such Temporary Approvals and the relevant laws, we shall demolish the Temporary Structures within their respective approved terms or unconditionally whenever urban planning demands. We have further obtained confirmation from the relevant administrative enforcement department in the PRC (the "**Confirmation**") that we will not be requested to demolish the Temporary Structures before 28 May 2012. Our PRC Legal Advisers are of the view that the likelihood for us to be requested to demolish the Temporary Structures by such administrative department in the PRC before 28 May 2012 is relatively low. Furthermore, we intend to relocate all operation activities, machineries, inventories and any other items in the Temporary Structures to premises which are granted with building ownership certificates as soon as possible and in any event before 28 May 2012. For further details, please refer to the sub-section headed "Property" in the section headed "Business" in this prospectus.

We cannot assure you that we will not be required to clear out and demolish the Temporary Structures sooner than our targeted relocation time by other PRC government department(s) due to unforeseen changes in circumstances, such as introduction of new laws and regulations in the PRC. In such event, our operations will be temporarily disrupted and our business, operations and financial results may be adversely affected.

Furthermore, the carrying cost of the Temporary Structures was approximately HK$10,491,000 as at 30 June 2010. The Directors estimate that the depreciation charges over the Temporary Structures for the three years ending 31 March 2011, 2012 and 2013 will be approximately HK$4.1 million, HK$5.5 million and HK$0.9 million respectively, our Group's profit margin and financial results may be adversely affected.

Part of our income during the Track Record Period was derived from non-recurring income

For the two years ended 31 March 2010, the Company recognized HK$1.0 million and HK$5.0 million respectively as imputed interest income arising from amounts due from Mr. Chum. Such imputed interest income is non-cash and non-recurring in nature. Moreover, as all the outstanding amounts due from Mr. Chum are expected to be settled before the Listing, such imputed interest income will cease and no longer be a source of income to the Company. In such circumstances, the Group's profitability during the Track Record Period may have been distorted due to such non-recurring income.

Fluctuations in the average selling prices of our products may adversely affect our results of operations

The average selling prices of our products are subject to fluctuation. For instance, the average selling prices of our products for household use during the Track Record Period were HK$12,400 per ton, HK$13,600 per ton, HK$11,800 per ton and HK$12,500 per ton, respectively, representing an increase of approximately 9.7%, a decline of 13.2% and an increase of 5.9%, respectively. The average selling prices of our products for clinical use during the Track Record Period were HK$12,300 per ton, HK$12,400 per ton, HK$14,000 per ton and HK$13,600 per ton, respectively, representing an increase of 0.8%, 12.9% and a decrease of 2.9%, respectively. The fluctuations in the average selling price of our products are primarily caused by changes in manufacturing costs, price trend of similar products in the market and market supply and demand of our products.

We cannot guarantee that we will not continue to experience a decrease in the average selling prices of our products in the future or that our average selling prices will remain stable. We also cannot guarantee that our gross profit margins will stay the same. In the event that our sales volume cannot be increased so as to compensate for the loss of revenue caused by the fluctuating or decreasing average selling prices of our products, our results of operations and gross profit margin may be adversely affected.

We may not be able to sustain our gross profit and gross profit margin

For the three years ended 31 March 2010 and the three months ended 30 June 2010, a majority of our revenue was derived from the sales of household products — approximately 88.8%, 83.1%, 52.7% and 46.9% of our revenue were generated from sales of products for household applications, while approximately 11.2%, 16.9%, 47.3% and 53.1% of our revenue were generated from sales of products for clinical applications, respectively. Further, the gross profit margins of our products for household use and clinical use fluctuated substantially during the Track Record Period. The gross profit margins of our

clinical and household hygienic disposables varied from approximately 8.5% and 23.8% for the financial year ended 31 March 2008 to approximately 1.4% and 24.6% for the financial year ended 31 March 2009.

However, the gross profit margins of our clinical and household hygienic disposables increased from approximately 1.4% and 24.6% for the financial year ended 31 March 2009 to approximately 9.0% and 33.2% respectively for the financial year ended 31 March 2010 and to approximately 10.0% and 35.0% for the three months ended 30 June 2010.

There is no assurance that we will be able to sustain our gross profit margins in the level similar to those for the year ended 31 March 2010, or that we will not experience substantial fluctuations in our gross profit margins in the future, in such cases the financial results of our Group may be adversely affected.

We rely on registered patents which cannot be renewed

Out of the 18 valid patents which we own or use, 14 were registered in the PRC. Under the laws of the PRC, patents are granted only for a term of 10 or 20 years and cannot be renewed upon expiry. The remaining life of the patents registered in the PRC varies from four years to 16 years from the Latest Practicable Date. As advised by the PRC Legal Advisers, according to the relevant PRC laws and regulations, once the valid period of the patents which are registered in the PRC expires, such patents cannot be renewed. Accordingly, upon expiration of the PRC Patents, we will cease to enjoy any protection afforded by these patents against third parties applying the production technologies and/or product designs in the PRC. In addition, the EU Patents and the US Patents will also not be allowed to be renewed upon their respective expiry dates.

Failure to protect or obtain the patents which we require for our business will reduce our commercial and competitive advantages, hence adversely affecting our business operations and profitability.

Our outstanding trade receivables and the turnover days of our trade receivables have been increasing during the Track Record Period

During the Track Record Period, purchases of our products by our customers were made on credit with a credit period of 30 to 90 days in general. Our general credit policy prevails for all types of customers. For the three years ended 31 March 2010 and the three months ended 30 June 2010, our outstanding trade and bills receivables were approximately HK$40 million, HK$27 million, HK$121 million and HK$79 million respectively and the average turnover days of our trade receivables were 48.6 days, 39.0 days, 63.1 days and 79.8 days, respectively.

The increase in trade and bills receivables balances and the trade and bills receivables turnover days from the year ended 31 March 2009 to the year ended 31 March 2010 was mainly resulted from the commencement of trading business during the financial year ended 31 March 2010.

As the Group's business expands, there may be instances where we will provide additional sales on credit to our customers, leading to increased customer's credit risk. In the event that the Group experiences any difficulty in collecting payment from our customers, the financial position and profitability of our Group may be adversely affected.

A majority of our products are sold to overseas customers who are distributors

Our products are sold mainly to overseas distributors and packaging producers, with a particular concentration to those in the UK. For the three financial years ended 31 March 2010 and the three months ended 30 June 2010, our sales to UK distributors accounted for approximately 44.0%, 35.9%, 31.4% and 20.1% of our Group's total revenue.

Furthermore, in certain overseas countries we rely on customers which are local distributors in that country which we intend to expand our sales to establish our presence. Since 2009, our percentage revenue generated from sales to the US market increased substantially from approximately 3.0% for the year ended 31 March 2009 to approximately 33.1% and 47.1% for the year ended 31 March 2010 and the three months ended 30 June 2010 by trading with one single trading company in the US. Our sales in the US through such single trading company accounted for approximately 32.6% and 45.1% of the Group's total revenue for the year ended 31 March 2010 and the three months ended 30 June 2010 respectively.

The Group has established a good and long-term relationship with our major customers and entered into supply agreements with our major customers for the supply of our products for a term ranging from one to four years with our top five customers (including distributors) for the year ended 31 March 2010 and in some occasions entered into supply agreement on an ad hoc basis. There are no restrictions in these agreements preventing the Group's distributors from sourcing products produced by the Group's competitors and there can be no assurance that the Group will be able to maintain such relationships. We can give no assurance that each of our distributor customers will renew its respective supply agreement with us on terms favourable to us, or at all, upon expiry.

As our major customers which mostly consist of distributors and trading companies are engaged in business activities which are of similar nature, that is the manufacturing, trading or distribution of packaging products, plastic bags, plastic products or alike, we are uncertain as to whether there will be any possible cannibalisation among such distributors and trading companies and in such event, we may have a higher concentration of sales to certain distributors and trading companies.

In addition, the sales of our products to our customers (including distributor customers, trading companies or retailers) are final and title to the products will pass to the customers upon delivery after which point our products will become the customers' own inventory, instead of ours. The demand for our products by our distributor customers and

trading company customers may change due to a number of factors, some of which may be outside our control such as their marketing and sales strategies, inventory, personnel and sourcing policies, and relationship with the end-customers.

If for any reason our Group loses one or more of our distributor customers, such as termination or non-renewal of supply agreements, or any of them fails to perform its obligations under such supply agreements, or there is any disruption in the economies of the UK and US or other countries which we have made substantial sales to and our Company is unable to replace them in a timely manner, our Company's results of operations and financial condition may be adversely affected.

Our operations may be subject to transfer pricing adjustment by competent authority

During the Track Record Period, our Group primarily conducted its sales activities through Two-Two-Free, our Group's principal trading arm. When Two-Two-Free receives purchase orders from its customers, it will channel the relevant purchase orders to Huizhou Junyang, our manufacturing arm in the PRC (or, in the particular case of our US trading customer, to the designated supplier). All finished products manufactured by Huizhou Junyang (or, as the case may be, the designated supplier in respect of our US trading customer) are shipped to the locations specified by the customers.

Pursuant to the New Enterprise Income Tax Law and its implementation rules and the Implementation Regulations for Special Tax Adjustments (Trial)* (《特別納稅調整實施辦法（試行）》), transactions in respect of the purchase, sale and transfer of products between, amongst others, enterprises under direct or indirect control by the same third party are regarded as related parties transactions. Given Two-Two-Free and Huizhou Junyang are wholly-owned subsidiaries of the Company, transactions between these parties are regarded as related parties transactions.

According to the New Enterprise Income Tax Law and the Implementation Regulations for Special Tax Adjustments (Trial)* (特別納稅調整實施辦法（試行）), related parties transactions should comply with the arm's length principle (獨立交易原則); and if the failure of compliance with such principle results in reducing the income or taxable income of the enterprise or its related parties, the tax authority has the power to make an adjustment in accordance with reasonable methods.

Pursuant to such laws and regulations, any company entering into related party transactions with another company shall submit an annual related party transactions reporting form (年度關聯業務往來報告表) to the supervising tax authority.

As advised by the PRC Legal Advisers, State Taxation Bureau of Hui Zhou City Zhongkai High and New Technology Industries Development Zone* (廣東省惠州市仲愷高新技術產業開發區國家稅務局) ("**Huizhou Taxation Bureau**"), as the competent authority, issued two written confirmation letters on 6 August 2010 and 18 November 2010 respectively to confirm that (i) Huizhou Junyang had submitted the annual related party transaction reporting form as required by relevant laws and regulations, and the circumstance in respect of the transaction between Huizhou Junyang and its related parties had been reported to Huizhou Taxation Bureau; (ii) all the transactions between

Huizhou Junyang and its related parties had been in compliance with the arm's length principle (獨立交易原則), no adjustment needs to be made to Huizhou Junyang; (iii) Huizhou Junyang and its related parties should not be ordered to pay any outstanding tax, interest and fees; and (iv) no penalty had been or need to be imposed on Huizhou Junyang due to any non-compliance with respect to PRC tax laws and regulations, including without limitation, the PRC laws and regulations regarding transfer pricing. Further, as advised by the Macau Legal Advisers, there are no applicable Macau rules and regulations governing transactions among related companies in Macau, and that our Group has not been subject to any investigation or challenge by the relevant authorities of our Group's Macau operations.

As of the Latest Practicable Date, the Directors were not aware of any enquiry, audit or investigation by any tax authority in the PRC, Macau or Hong Kong with respect of transfer pricing procedures carried out by our Group. The Directors have advised that in preparing the financial information, the Directors have reviewed and assessed our Group's transfer pricing arrangements in relation to intra-group services and considered that, although our Group is exposed to transfer pricing risk for the fact that it is possible that the PRC tax authority may challenge our Group's transfer pricing position, our Group has grounds to defend against the possible challenge.

Notwithstanding the aforesaid, as advised by the PRC Legal Advisers, according to the relevant PRC tax laws and regulations, the tax authority has the power to reassess the transactions entered into between Huizhou Junyang and its related parties for a maximum of 10 years' time. If Huizhou Junyang is deemed not to be in compliance with the transfer pricing rules, the tax authority has the power to order Huizhou Junyang to pay all outstanding tax and statutory interest and Huizhou Junyang may be subject to other penalties. There is no assurance that the tax authority will not make adjustment to the tax payable by our Group in respect of such related party transactions in the future, and as a result of which, our Group may be required to change its transfer pricing practices or operating procedures. In such event, our Group may be required to pay additional taxes and our Group's profitability may be affected.

We may not be able to expand our sales penetration to markets which we did not have presence during the Track Record Period

During the Track Record Period, we have proven record to generate a significant portion of our sales revenue from certain European countries in particular the United Kingdom. It is part of our strategies and future plans to further expand our market share in other European countries such as France, Italy, Germany and Sweden and we intend to commit significant resources for such expansion with particular emphasis on marketing and promotion. Given that some European markets are relatively new to us and we do not have experience in conducting sales in such new markets, there is no assurance that we will be able to expand our sales penetration to these markets and to achieve or not the level of market acceptance that we expect from these markets. Accordingly, in such circumstances, the Group's business, growth prospects and financial results may be adversely affected.

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

Our Directors estimate that for the six months ended 30 September 2010, our combined profit attributable to owners of the Company will be no less than HK$40 million. The bases on which the estimate combined profit attributable to owners of the Company for the six months ended 30 September 2010 has been prepared are set out in Appendix III headed "Profit estimate" to this prospectus.

Our business and results of our operations are affected by a number of factors, including economic conditions of the US and European countries, product mix, pricing of our products, costs of raw materials and our business expansion. Please see the section headed "Financial information — Factors affecting results of operations" in this prospectus for more details.

Due to the fact that these factors, many of which are beyond our control, could vary materially between the first and second half of the financial year ending 31 March 2011, our profit estimate attributable to owners of the 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. Given that many of these factors are subject to rapid change, our management has taken the view that it is more appropriate for us to limit our profit estimate attributable to owners of the Company to the first half of the financial year ending 31 March 2011.

RISKS RELATING TO OUR INDUSTRY

Failure to comply with environmental regulations may materially and adversely affect our business, financial condition and results of operations

The operations of our Group are subject to the environmental protection laws and regulations promulgated by the PRC government and the governments of the overseas jurisdictions where our customers are based and our products are distributed. These laws and regulations require us to adopt effective measures to control and properly dispose of waste water and other environmental pollutants. We could be exposed to penalties, fines, suspensions or actions in other forms if we fail to comply with these laws and regulations. The environmental laws and regulations in China or other jurisdictions may be amended from time to time and changes in those laws and regulations may cause us to incur additional costs in order to comply with the more stringent rules. There is no assurance that our research and development capabilities would be able to support changes in technical requirements which could be required as a result of changes to environmental laws and regulations or that our operation will always be in compliance with the applicable environmental regulations. In the event that changes to existing laws and regulations require us to incur additional compliance costs or require costly changes to our production process, the production costs of our Group could increase and we may lose our business with certain customers, which will decrease our market share and materially and adversely affect our business, financial conditions 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 hygienic disposables for household and clinical uses are subject to certain laws, regulations and industry standards in the jurisdictions where we market and distribute our products including the US, the UK, other European countries and the PRC. There can be no assurance that we are capable of continuing complying with current laws and regulations, or that we will be able to comply with any future laws and regulations. Any new or amended laws, rules, regulations or standards imposed on our products may involve considerable additional costs to ensure compliance and lead to additional manufacturing and quality control procedures that may affect our financial condition and results of operations.

There can also be no assurance that the government of the US, UK, other European countries or the PRC will not change the existing laws or regulations or adopt additional or more stringent laws or regulations relevant to us. To the extent that new laws and regulations are adopted, we will be required to conform our activities and operation in order to comply with such laws and regulations. We cannot predict the nature of such future laws, regulations, interpretations, or applications, nor can we predict the impact of additional laws, regulations or administrative orders, when and if promulgated, on our business in the future. Such laws and regulations may require the re-configuration of other methods for sourcing raw materials, production, processing and transportation, including, but not limited to, more onerous product safety, labelling and packaging requirements, more stringent compliance requirements for waste management, increase in transportation costs, and greater uncertainty in production and sourcing estimates. Any such government actions could have a material adverse effect on our business, financial condition and results of operations. We may be subject to civil remedies or administrative sanctions, should we fail to comply with any applicable laws and regulations, including fines, injunctions, products recalls or seizure, as well as potential criminal sanctions, which could have a material adverse effect on our business, financial condition 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

As at 31 March 2010, we exported our products directly or indirectly to Europe and the US, with the UK and the US markets in aggregate accounting for the majority of our export sales for the year ended 31 March 2010. Some of the countries to which we export our products may impose anti-dumping duties on products exported from another country if their governments decide such exported products are being sold (i) at less than the producers' sale prices in the home market, or (ii) at prices that are lower than their production costs. For example, the EU has, in the past, imposed anti-dumping tariffs on degradable products manufactured and imported from a number of companies outside of the EU. Also, the US government may impose duties or import restrictions on products imported from China if such products are being imported into the US in such quantities or under such conditions as to cause or threaten to cause market disruption to the domestic US market producers of a similar product.

We cannot assure you that the countries to which we directly or indirectly export our products will not initiate trade protectionist measures in the form of anti-dumping duties, taxes, trade laws, tariffs and regulatory requirement against Chinese-manufactured products in the future. In the event that there is an anti-dumping measure or other trade sanctions imposed on our exported products by overseas countries, prices of our products exported to such countries could be increased significantly, which in turn could result in a loss of our competitive advantage. Consequently, our export sales and profitability may drop substantially, and hence materially and adversely affect our business, financial conditions, results of operations and prospects.

Changes in laws and regulations relating to the use of plastic bags may adversely affect our business and results of operation

A majority of our sales was made to European and US customers. During the Track Record Period, approximately 94.9%, 84.9%, 93.9% and 98.1% of our turnover were derived from products sold to United Kingdom, the US, Norway, Sweden and Germany.

There can be no assurance that there will not be any restrictions on the use of plastic bags or any form of duty, levy or other trade sanction to be adopted by the countries where our products are sold to. In the event that there is any restriction on the use of plastic bags or there is any anti-litter campaign or any form of duty or levy imposed on our products by overseas countries to which we export our products, this will significantly and adversely affect the sales volume of our products exported to these countries which in turn will adversely affect our business, financial conditions, financial results and prospects.

The anticipation of slowing growth trend for degradable retail plastic bags and medical consumables markets may adversely affect our operating results and financial performance

According to the Freedonia Report, the CAGR of degradable retail plastic bag demand by the rest of the European Community (except the UK) in terms of units from 2004 to 2009 was approximately 14%, whereas it is expected that the demand for degradable retail plastic bag in the said region will spur a moderate growth at 7% CAGR from 2009 to 2014. The Freedonia Report also expects to have a decreasing demand for degradable retail plastic bags in the UK from 2009 to 2014. Furthermore, according to the Freedonia Report, the demand for disposable medical consumables i.e. gloves, aprons and garbage bags in the US and the European Union is forecasted to experience a slowing or downward growth trend from 2009 to 2014.

If such anticipation of slowing or decreasing growth trend on the degradable retail plastic bags and medical consumable markets in the regions where we generate most of our sales revenue materializes or worsens by factors which are beyond our control (e.g. growing environmental concerns for the use of retail plastic bags), this may adversely affect our growth prospects, business, operation results and financial performance.

RISKS RELATING TO CHINA

A majority of our Group's assets and production activities are located in the PRC. Accordingly, the results of operations, financial position and prospects of our Group are subject, to a significant degree, to the economic, political and legal developments of the PRC.

Risks relating to changes in the political and economic climate

Before its adoption of the economic reforms and open policy in 1978, China had been primarily a planned economy. In the wake of these reforms, the PRC government introduced changes to its economic system, as well as the government structure. These reforms have led to significant economic growth and progress in social development. Although the PRC government still owns a significant portion of the productive assets in China, economic reform policies have placed much emphasis on creating autonomous enterprises and the utilization of market mechanisms. The Directors anticipate that the PRC government will continue to further implement these reforms, further reduce government interference on enterprises, and rely more on free market mechanisms for the allocation of resources. Any changes in the political climate, economic and social situation, the laws, regulations and policies of the PRC arising therefrom, may have an adverse effect on the present or future operations of our Group.

We are subject to foreign exchange risks

Our domestic purchases and operating expenses are mainly denominated in RMB while our overseas sales and purchases are mainly denominated in US dollars. Our foreign currency exchange risk arises mainly from a mismatch between the currency of our sales, purchases and operating expenses. To the extent that our sales, purchases and operating expenses are not denominated in the same currency, and to the extent that there are timing differences between invoicing, payment and collections, we will be exposed to foreign currency exchange gains and losses arising from transactions in currencies other than RMB. As a result, our earnings may be materially adversely affected. We recorded foreign exchange gains of approximately HK$3.8 million, HK$2.2 million and HK$2.2 million for the year ended 31 March 2008, the year ended 31 March 2010 and the three months ended 30 June 2010 respectively. However, we recorded foreign exchange loss of approximately HK$1.1 million for the year ended 31 March 2009. Currently, we do not have any hedging policy with respect to our foreign exchange exposure. In view of the nature of our business, foreign exchange risks will continue to be an integral aspect of our risk profile in the future. We will continue to monitor our foreign exchange exposure in the future and will consider hedging any material foreign exchange exposure through foreign exchange forward contracts or swaps should the need arise. We cannot assure you that we will be able to successfully manage the risks involved in foreign exchange exposure and any hedging activities in the future or that our business, financial conditions, results of operations and prospects will not be adversely affected by our operative hedging activities in the future.

Introduction of new laws or changes to existing laws by the PRC government may adversely affect our business

Our business and operations in the PRC are governed by the legal system of the PRC. The PRC legal system is a codified system with written laws, rules and regulations. The PRC government is still in the process of developing its legal system, so as to meet the needs of investors and to regulate foreign investment. As the PRC economy is undergoing development generally at a faster pace than its legal system, some degree of uncertainty exists in connection with whether and how existing laws and regulations will apply to certain events or circumstances. Some of the laws and regulations, and the interpretation, implementation and enforcement thereof, are still at an experimental stage and are therefore subject to policy changes. Further, prior court decisions may be cited for reference but have no precedential value. Accordingly, the outcome of dispute resolution may not be as consistent or predictable as in the other more developed jurisdictions. Even after the relevant legislation has been enacted, it may be difficult to obtain swift and equitable enforcement of the laws in the PRC, or to obtain enforcement of a judgment by a court or another jurisdiction. Any introduction of new laws or amendments to existing laws by the PRC government which is detrimental to the business environment in which we operate will adversely affect our profitability.

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

Our PRC subsidiaries are subject to the PRC rules and regulations on currency conversion. In the PRC, SAFE regulates the conversion of RMB into foreign currencies. Foreign invested enterprises ("**FIEs**") are required to apply to SAFE or its local branches for Foreign Exchange Registration Certificates. Under relevant PRC foreign exchange laws and regulations, payment of current account items, including profit distributions and interest payment are permitted to be made in foreign currencies without prior government approval but are subject to certain procedural requirements. Strict foreign exchange control continues to apply to capital account transactions, which must be approved by and/or registered with SAFE. We cannot assure you that the PRC regulatory authorities will not impose further restrictions on the convertibility of RMB. As our products have been and in the near future will be principally exported to overseas countries which we received US dollars for our sales proceeds, any future restrictions on currency conversion may limit our ability to convert sufficient amount of foreign currencies into RMB to fund the operations of our Huizhou production base and our planned production capacity expansions in the PRC. On the other hand, it is part of our business strategy to expand our sales coverage in the PRC medical device markets. If in the future an increasingly significant portion of our revenues are to be generated in the PRC and therefore denominated in RMB, such future restrictions on currency conversion may also limit our ability to repatriate profits generated from this new business venture for the distribution of dividends to our Shareholders or for funding our other business activities outside the PRC.

The recent financial crisis has adversely affected the United States, the European countries and other world economies. As the financial crisis has broadened and intensified, a significant depreciation of the US dollars may be expected. Fluctuations in exchange rates may adversely affect the value of our net assets, earnings or any declared dividends. Also, any unfavourable movement in the exchange rate or the value of US dollars may lead to an unfavourable exposure to foreign exchange losses, which could in turn materially and adversely affect our financial condition and results of operations.

We will be subject to higher EIT tax rate after the expiration of our current preferential tax treatment

On 1 January 2008, the new Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得税法》) (the "**New Enterprise Income Tax Law**") became effective. According to the New Enterprise Income Tax Law, a unified enterprise income tax ("**EIT**") rate of 25% generally applies to both domestic enterprises and foreign-invested enterprises. The Notification of the State Council on Carrying out the Transitional Preferential Policies concerning Enterprise Income Tax* (《國務院關於實施企業所得税過渡優惠政策的通知》) which was promulgated and became effective on 26 December 2007 further clarifies that from 1 January 2008, the enterprises that enjoyed a "two year exemption and three year half payment" of EIT and certain other tax deductions or exemptions with a specified period according to the then applicable tax laws, administrative regulations and relevant documents may, after the enactment of the New Enterprise Income Tax Law, continue to enjoy such benefits until the expiration of the applicable period. Enterprises whose aforesaid preferential tax treatment has not commenced due to the fact that no profits had been generated in previous years shall enjoy such preferential tax treatment from 1 January 2008 until the expiry of relevant period. Thus, we may be subject to a higher EIT rate after the expiration of our "two year exemption and three year half payment" period.

We may not be able to enjoy a reduced withholding tax rate under relevant tax treaty

The New Enterprise Income Tax Law and its implementation rules stipulate that if an entity is deemed to be a non-PRC resident enterprise without an office premises in the PRC, withholding tax at the rate of 10% will be applicable to any dividends paid to it by its PRC subsidiaries, unless it is entitled to a reduction or elimination of such tax, including by tax treaties. The PRC and the government of Hong Kong signed Arrangement between the Mainland of the PRC and Hong Kong for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income* (《內地和香港特別行政區關於對所得税避免雙重徵税和防止偷漏税的安排》) on 21 August 2006 ("**Arrangement**"). According to the Arrangement, no more than 5% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong resident, provided that the recipient is a beneficial owner that holds at least 25% of the capital of such PRC company, and a 10% withholding tax rate applies if otherwise.

According to the Notice of the State Administration of Taxation on Issues regarding the Administration of the Dividend Provision in Tax Treaties* (《國家税務總局關於執行税收協定股息條款有關問題的通知》) promulgated on 20 February 2009, to apply the dividend provision in relevant tax treaties, including the Arrangement, certain

requirements shall be satisfied, among which: (1) the taxpayer shall be the "Beneficial Owner" of relevant dividends; (2) for corporate recipients that enjoy tax treatment under the relevant tax treaties as direct owners of a certain proportion of the share capital of a PRC enterprise (usually such certain proportion shall be 25% or 10%, which is 25% under the Arrangement), such corporate recipients must satisfy the direct ownership thresholds at all times during the 12 consecutive months preceding the receipt of the dividends. Further, the State Administration of Taxation promulgated the Notice on How to Understand and Recognize the "Beneficial Owner" in Tax Treaties* (《國家税務總局關於如何理解和認定税收協定中「受益所有人」的通知》) on 27 October 2009, which limited the "Beneficial Owner" as individuals, enterprises or other organizations normally engaged in substantive operations, and set forth certain adverse factors on the recognition of such "Beneficial Owner". On 24 August 2009, the State Administration of Taxation issued the Administrative Measures for Non-resident Enterprises to Enjoy Treatments under Tax Treaties (For Trial Implementation)* (《非居民享受税收協定待遇管理辦法（試行）》), which became effective on 1 October 2009 and requires the non-resident enterprises to obtain approval for enjoying the treatments under tax treaties from the competent tax authorities. No assurance can be given that we can satisfy all the requirements set forth by aforementioned laws and regulations and obtain necessary approvals to enjoy the preferential treatment under the Arrangement.

Newly enacted PRC employment contract law may increase our labour costs

The National People's Congress of China enacted the Labour Contract Law of the PRC* (《中華人民共和國勞動合同法》) ("**Labour Contract Law**") which became effective on 1 January 2008 in China. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts, hiring of non-full-time employees, dismissal of employees, employment without a written contract and compensation upon termination of employment and overtime work, etc. Except for certain circumstances specified in the Labour Contract Law, an employer is obligated to enter into a non-fixed term labor contract with an employee if the employer continues to employ such employee after finishing two consecutive fixed-term labour contracts and if such employee match other conditions provided in Labour Contract Law. The employer also has to pay compensation to employees if the employer terminates such non-fixed term labor contract under certain circumstances. Compensation is also required when the labour contract expires, except for certain circumstances including that employer intends to renew the labour contract with employee under the same terms or better terms but the employee refuses to renew. In addition, under the newly promulgated "Regulations on Paid Annual Leave for Employees"* (《職工帶薪年休假條例》), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to a paid vacation ranging from 5 to 15 days, depending on the length of the employees' work time. Employees who waive such vacation time at the request of employers shall be paid three times their normal daily salaries for each vacation day being waived as compensation. As a result of the new law and regulations, our labor costs may increase. Increases in our labor costs and future disputes with our employees could adversely affect our business, financial condition or results of operations.

The medical consumables industry in the PRC is highly regulated, and future government regulations may place additional burdens on our business

The manufacturing, packaging, labelling, distribution and sale of medical consumables are subject to regulation by several PRC administrations, including the State Food and Drug Administration and its respective local branches. Changing or introduction of government regulations and relevant standards may prevent or delay the introduction of medical consumables which we intend to develop and market in the PRC.

Additional or more stringent regulations of medical consumables may be adopted from time to time in the PRC. Such developments could require reformulation of our certain medical consumables which we intend to develop to meet new standards, recalls or discontinuance of certain products not able to be reformulated, additional record-keeping requirements, increased documentation of the properties of certain products, additional or different labelling, additional scientific substantiation, additional hygienic measures, adverse event reporting or other new requirements. Any such requirements could increase our costs significantly.

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

We intend to incur more capital and human resources in developing medical consumables business in the PRC as our Directors consider that the demand for medical consumables is on a rapid increase as a result of the increasing public awareness of hygienic standard and health care.

It is our current plan to introduce medical consumables to various major hospitals in Beijing, and also, we intend to construct a new plant for manufacture and sale of our own Category I medical devices and sell Category II medical devices. However, our ability to manage our future growth of new business venture in the PRC will depend on the growth of medical systems and public awareness (including those of medical practitioners) of the importance of quality hygienic medical consumables. The health care system in the PRC is currently undergoing substantial systematic change as a result of introduction of new laws, regulations and standards concerning medical products safety and quality management. Furthermore, we have no experience in producing, distributing, marketing and selling products in the PRC market. Should our plans for venturing into the PRC market not be successfully executed for any reason, our growth from and return on our investment may be adversely affected and thereby impact our business, results of operations and financial position.

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

Prior to the Global Offering, there has been no public market for our Shares.

Our Group has made an application to the Stock Exchange for the listing and trading of the Shares and such application has been approved by the Stock Exchange. The initial public offering price range per Share was the result of negotiations between us (for ourselves and on behalf of the Selling Shareholder) and the Sole Global Coordinator (on behalf of Underwriters) and may bear no relationship to the market price for our Shares after this initial public offering. There is no assurance that the Listing will result in the development of an active, liquid public trading market for the Shares after the Global Offering.

In addition, factors such as variations in our Group's revenues, earnings and cash flows or any other developments, whether due to seasonal sales fluctuations or for any other reasons, may affect the volume and price at which the Shares will be traded. Volatility in the price of our Shares may also be caused by factors outside our control and may be unrelated or disproportionate to our operating results.

You may experience immediate dilution and may experience further dilution if we issue additional Shares in the future

The Offer Price of our Shares is higher than the net tangible assets value per Share immediately prior to the Global Offering. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution in the pro forma net tangible assets value to HK$0.61 per Share (assuming an Offer Price of HK$2.055, which is the mid-point of our indicative Offer Price range, and assuming that the Over-allotment Option and any options which may be granted under the Share Option Scheme are not exercised).

In addition, we may consider offering and issuing additional Shares in the future to support future expansions of our business or to the extent that our ordinary shares are issued upon the exercise of Share options. In this regard, you may experience further dilution in the net tangible asset book value per Share if we issue additional Shares in the future at a price which is lower than the net tangible book value per Share.

We cannot assure you that we will declare dividends in the future

We made a dividend distribution amounted to HK$1,000,000 during the year ended 31 March 2008 paid by Tary to its shareholders. We declared dividends amounting to HK$140 million to shareholders of our subsidiaries on 30 June 2010. For further details of our dividend policy, please see the section headed "Financial information — Dividend policy" in this prospectus.

However, there is no assurance that future dividends will be declared or paid in an amount equivalent to or exceeding historical dividends declared or at all. Therefore, investors are cautioned not to use historical dividends as an indication of the amount of future dividends to be declared or paid. The declaration, payment and amount of any future dividends are subject to the recommendation of our Directors at their discretion, depending on, among others, our earnings, financial condition, cash requirements, our profit, our Memorandum and Articles of Association, applicable law and other relevant factors.

Sale or perceived sale of substantial amounts of our Shares in the public market could materially and adversely affect the price of our Shares

Prior to the Global Offering, there has not been a public market for our Shares. Future issues of securities by our Company or the disposal of Shares by our Controlling Shareholders or the perception that such issues or sales may occur, may negatively impact the prevailing market price of the Shares.

Immediately after completion of the Global Offering and Capitalization Issue, we will have 666,666,000 Shares in issue, of which an aggregate of 190,000,000 Shares (representing approximately 28.5% of our issued share capital) will be held by public investors and an aggregate of 476,666,000 Shares (representing approximately 71.5% of our issued share capital) will be held by our existing Shareholders, assuming that no Over-allotment Option is exercised.

The Shares held by public investors will be eligible for immediate resale in the public market in Hong Kong without restrictions. However, the Shares held by our Controlling Shareholders are subject to certain lock-up undertakings for periods commencing on the date of this prospectus and up to 12 months after the Listing Date. There is no assurance that our Controlling Shareholders will not dispose of their Shares following the expiration of the lock-up periods or any of their undertakings are waived or breached or otherwise. If our Controlling Shareholders sell, or are expected to sell, a substantial amount of our Shares, the prevailing market price of our Shares could be materially and adversely affected.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong, which normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. Our Company does not and, for the foreseeable future, will not have a sufficient management presence in Hong Kong for the purposes of satisfying the requirements under Rule 8.12 of the Listing Rules. Our Company has therefore applied for a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules on the basis that since our Group's core business operations are, and are expected to be, based, managed and conducted in the PRC and Macau, and that our Group's assets are primarily situated in the PRC, our management is best able to attend our Group's functions by our management's being based in the PRC and Macau.

For the purposes of the management and operations of our Group, the appointment to the Board of additional executive Directors who are ordinarily resident in Hong Kong would not only increase the administrative expenses of our Group, but would also reduce the effectiveness and efficiency of the executive Directors in administering the daily operations of our Group, especially when business decisions are required to be made within a short period of time. In addition, appointing a new executive Director who may not be familiar with the operations of our Group for the sole purpose of satisfying the requirements under Rule 8.12 of the Listing Rules may not be in the best interests of our Company and its Shareholders as a whole. The existing executive Directors may relocate to Hong Kong in order to comply with Rule 8.12 of the Listing Rules. However, after relocation, the executive Directors would not be present on a day-to-day basis in the PRC or Macau where our Group's operations take place and therefore may encounter the management difficulties described above.

Further, each of our executive Directors has a vital role in managing our Group's business in the PRC and Macau and it is necessary for them to remain physically close to our Group's operations in the PRC and Macau (as the case may be). If such an additional executive Director as described above is appointed, or an existing executive Director is relocated, he will not be able to participate in daily operations of our Group or appreciate the circumstances surrounding or affecting the business operations and development of our Group from time to time. Such an executive Director may not be able to exercise his discretion on a fully informed basis, or make appropriate business decisions or judgments in administering the daily operations of our Group.

Our Company has received from the Stock Exchange a waiver from compliance with Rule 8.12 of the Listing Rules subject to the following conditions:

(a) our Company has appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules who will act as our principal communication channel with the Stock Exchange and will ensure that our Company complies with the Listing Rules at all times. The two authorized representatives are Mr. Chan Shiu Yuen Sammy and Mr. Desmond Chum. Each of the authorized representatives will be available to meet with the Stock Exchange within a reasonable time frame upon

request of the Stock Exchange, if required. They will be readily contactable by telephone, facsimile and email, and are authorized to communicate on behalf of our Company with the Stock Exchange;

(b) both authorized representatives have means to contact the Directors promptly at all times as and when the Stock Exchange wishes to contact the members of the Board for any matters. Our Company will implement a policy whereby (i) each Director will have to provide his/her office phone number, mobile phone number, residential phone number, facsimile number and email address to the authorized representatives; (ii) in the event that a Director expects to travel and be out of office, he/she will have to provide the phone number of the place of his/her accommodation or other means of communication to the authorized representatives; and (iii) each Director will provide their mobile phone number, residential phone number, office phone number, facsimile number and email address to the Stock Exchange;

(c) our Company will, in compliance with Rule 3A.19 of the Listing Rules, retain a compliance adviser, who will have access at all times to our Company's authorized representatives, Directors and other officers. The compliance adviser will advise on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after listing and, where the authorized representatives of our Company are unavailable, act as an additional channel of communication between our Company and the Stock Exchange at least for the period commencing from the Listing Date and ending on the date that our Company publishes its first full financial year results pursuant to Rule 13.46 of the Listing Rules;

(d) meetings between the Stock Exchange and the Directors could be arranged through the authorized representatives or compliance adviser of our Company, or directly with the Directors within a reasonable time frame. Our Company will inform the Stock Exchange promptly in respect of any change in the authorized representatives and compliance adviser of our Company; and

(e) all Directors who are not ordinary residents in Hong Kong have confirmed that they possess valid travel documents to visit Hong Kong for business purpose and will be able to meet with the relevant members of the Stock Exchange within a reasonable period.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this prospectus misleading.

THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the relevant Application Forms contain all the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Public Offer Shares are offered for subscription solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information or representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by us, the Selling Shareholder, the Sole Global Coordinator, the Sole Sponsor, any of the Underwriters, any of their respective directors, employees and personnel or any other person or party involved in the Global Offering.

Neither the delivery of this prospectus nor any subscription or purchase made under it shall, under any circumstance, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in it is correct as at any subsequent time.

UNDERWRITING

The Hong Kong Public Offering is part of the Global Offering which comprises the offering of initially 19,000,000 Hong Kong Public Offer Shares and initially 171,000,000 International Placing Shares (comprising 141,000,000 New Shares and 30,000,000 Sale Shares and subject to reallocation).

The listing of the Shares on the Stock Exchange is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Global Coordinator, on behalf of the Underwriters, agreeing on the Offer Price.

DETERMINATION OF THE OFFER PRICE

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder) on the Price Determination Date, which is expected to be on or around Thursday, 6 January 2011 and, in any event, not later than Tuesday, 11 January 2011. If, for any reason, the Offer Price is not agreed by Tuesday, 11 January 2011 by the Sole Global Coordinator (on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder), the Global Offering will not proceed and will lapse. Further information about the Underwriters and the underwriting arrangements is set out in the section headed "Underwriting" in this prospectus.

RESTRICTIONS ON THE OFFER AND SALE OF THE OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstance in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus, and the offering and sale of the Offer Shares, in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. Each person acquiring the Hong Kong Public Offer Shares under the Hong Kong Public Offering will be required to confirm, or be deemed by its acquisition of the Hong Kong Public Offer Shares to confirm that it is aware of the restrictions on Offer Shares described in this prospectus.

LISTING

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering and the Capitalization Issue, and any Shares which may fall to be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme. Dealings in the Shares on the Stock Exchange are expected to commence on Thursday, 13 January 2011.

No part of our Share or loan capital is listed on or dealt in any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near term.

Under section 44B(1) of the Companies Ordinance, any allotment made in respect of any application for the Offer Shares will be invalid if the listing of, and permission to deal in, the Offer Shares on the Stock Exchange is refused before the expiration of three weeks from the date of closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

ELIGIBILITY FOR CCASS

Subject to the granting of the listing of, and permission to deal in, our Shares on the Stock Exchange and compliance of the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing date or any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day (as defined in the Listing Rules) after any trading day. You should seek the advice of your stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect your rights and interests.

All necessary arrangements have been made for the Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

REGISTER OF MEMBERS

Our Company's principal register of members will be maintained by our principal share registrar, Butterfield Fulcrum Group (Cayman) Limited in the Cayman Islands and our Company's Hong Kong branch register of members will be maintained by our Hong Kong branch share registrar, Tricor Investor Services Limited, in Hong Kong. All Shares issued pursuant to applications made in the Hong Kong Public Offering will be registered with our Hong Kong branch share registrar in Hong Kong.

Unless we determine otherwise, dividends will be paid in Hong Kong dollars to our Shareholders, as recorded in our branch register, by ordinary post at our Shareholders' risk, to the registered address of each Shareholder.

STAMP DUTY

Dealings in the Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. Dealings in the Shares registered on our principal register of members in Cayman Islands will not be subject to Cayman Islands stamp duty unless our Company holds an interest in land in the Cayman Islands.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications in relation to subscribing for, purchasing, holding or disposing of, and dealing in our Shares (or exercising rights attaching to them). It is emphasized that none of us, the Selling Shareholder, the Sole Global Coordinator, the Sole Sponsor, any of the Underwriters, any of their respective directors, agents, advisers, employees, personnel or any other persons or

parties involved in the Global Offering accepts responsibility for any tax affairs or liabilities of any person resulting from the subscription for, purchase, holding or disposing of, dealing in our Shares, or the exercise of any rights attaching to our Shares.

OVER-ALLOCATION AND STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the new securities in the secondary market during a specified period of time to retard and, if possible, prevent any decline in the market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements. In Hong Kong and a number of other jurisdictions, activity aimed at reducing the market price is prohibited and the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Sole Global Coordinator, its affiliates or any person acting for it, as stabilizing manager, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to stabilizing or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period beginning on the Listing Date. However, there is no obligation on the Sole Global Coordinator, its affiliates or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the sole and absolute discretion of the Sole Global Coordinator and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end after a limited period.

In connection with the Global Offering, our Company and the Selling Shareholder are expected to grant an Over-allotment Option to the International Underwriters, exercisable by the Sole Global Coordinator on behalf of the International Underwriters. Pursuant to the Over-allotment Option, the Sole Global Coordinator has the right, exercisable at any time from the date of the International Underwriting Agreement until 30 days from the date of the last day of lodging applications under the Hong Kong Public Offering, to require our Company to issue up to 18,500,000 additional New Shares and the Selling Shareholder to sell up to 10,000,000 additional Sale Shares.

Further details with respect to over-allocation and stabilization are set out in the paragraph headed "Over-allocation and stabilization" under the section headed "Structure of the Global Offering" in this prospectus.

PROCEDURE FOR APPLICATION FOR HONG KONG PUBLIC OFFER SHARES

The procedure for applying for the Hong Kong Public Offer Shares is set out in the section headed "How to Apply for the Hong Kong Public Offer Shares" in this prospectus and on the relevant Application Forms.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Details of the conditions of the Hong Kong Public Offering are set out in the paragraph headed "Conditions" under the section headed "Structure of the Global Offering" in this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Hong Kong Public Offering and the International Placing, including their respective conditions, and the Over-allotment Option, are set out in the section headed "Structure of the Global Offering" in this prospectus.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, 13 January 2011, it is expected that dealings in the Offer Shares on the Stock Exchange will commence at 9:30 a.m. on Thursday, 13 January 2011, and will be traded in board lots of 2,000 Shares.

CURRENCY TRANSLATIONS

Solely for your convenience, this prospectus contains translations of certain RMB amounts into HK$ and vice versa, US$ amounts into HK$ and vice versa, and MOP$ amounts into HK$ and vice versa, at specified rates.

Unless otherwise specified or for transactions that have occurred at historical exchange rates, amounts denominated in RMB, US$ and MOP$ have been translated, for the purpose of illustration only, into HK$ in this prospectus at the following rates:

HK$1.00: RMB0.8559;

HK$7.80: US$1.00; and

HK$1.00: MOP$1.00.

No representation is made that any amounts in HK$, RMB, US$ or MOP$ can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of the individual items. When information is presented in thousands or million of units, amounts may have been rounded up or down.

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Mr. Chum Tung Hang (覃通衡)	Estrada Cacilhas No. 43, 13 Andar, B13 Edif. Ching Pic Kok Block 2 Macau	Canadian
Mr. Chum Hon Sing (覃漢昇)	Estrada Cacilhas No. 43, 13 Andar, B13 Edif. Ching Pic Kok Block 2 Macau	Canadian
Ms. Lei Sao Cheng (李秀清)	Estrada Cacilhas No. 43, 13 Andar, B13 Edif. Ching Pic Kok Block 2 Macau	Canadian
Independent non-executive Directors		
Mr. Lee Thomas Tuan-Tong (李端棠)	4298 New Hampshire Ave. Claremont CA 91711, USA	American
Mr. Chow Tsu-Yin (周祖蔭)	43475 Vista Del Mar Fremont CA 94539, USA	Taiwanese (Republic of China)
Mr. Chan Bing Chung (陳秉中)	1404, Sau Man House Choi Wan Estate Kowloon, Hong Kong	Chinese

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	CCB International Capital Limited 34th Floor Two Pacific Place 88 Queensway Admiralty Hong Kong
Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager	Guotai Junan Securities (Hong Kong) Limited 27th Floor, Low Block, Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Legal advisers to our Company	*As to Hong Kong law* Mallesons Stephen Jaques 13th Floor Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong *As to PRC law* Commerce & Finance Law Offices 6th Floor NCI Tower A12 Jianguomenwai Avenue Beijing PRC *As to Macau law* Leong Hon Man Law Office 12th Floor China Law Building Avenida da Praia Grande no. 409 Macau *As to Cayman Islands law* Conyers Dill & Pearman Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KYl-1111 Cayman Islands

Legal advisers to the Underwriters and the Sole Sponsor	*As to Hong Kong law* Deacons 5th Floor Alexandra House 18 Chater Road Central Hong Kong *As to PRC law* Jun He Law Offices Suite 2008, 20th Floor Jardine House 1 Connaught Place Central Hong Kong
Reporting accountants	Deloitte Touche Tohmatsu *Certified Public Accountants* 35th Floor One Pacific Place 88 Queensway Admiralty Hong Kong
Property valuer	Jones Lang LaSalle Sallmanns Limited 17th Floor Dorset House Taikoo Place 979 King's Road Quarry Bay Hong Kong
Receiving bankers	China Construction Bank (Asia) Corporation Limited 16th Floor York House The Landmark 15 Queen's Road Central Central Hong Kong Standard Chartered Bank (Hong Kong) Limited 15th Floor Standard Chartered Tower 388 Kwun Tong Road Hong Kong

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Corporate headquarters	Flat L, 12th Floor Macau Finance Centre Rua de Pequim Macau
Head office and principal place of business in Hong Kong	Unit 3702, 37/F West Tower, Shun Tak Centre 168–200 Connaught Road Central Hong Kong
Company secretary	Mr. Chan Shiu Yuen Sammy, *HKICPA, ACCA*
Authorized representatives	Mr. Desmond Chum Estrada Cacilhas No. 43, 13 Andar, B13 Edif. Ching Pic Kok Block 2 Macau Mr. Chan Shiu Yuen Sammy Room 1305, King Hei House Tung Hei Court 38 Yiu Hing Road Shaukeiwan, Hong Kong
Members of audit committee	Mr. Chan Bing Chung *(Chairman)* Mr. Chow Tsu-Yin Mr. Lee Thomas Tuan-Tong
Members of remuneration committee	Mr. Chow Tsu-Yin *(Chairman)* Mr. Lee Thomas Tuan-Tong Mr. Chan Bing Chung
Members of nomination committee	Mr. Lee Thomas Tuan-Tong *(Chairman)* Mr. Chow Tsu-Yin Mr. Chan Bing Chung

Principal share registrar and transfer office	Butterfield Fulcrum Group (Cayman) Limited Butterfield House 68 Fort Street P.O. Box 609 Grand Cayman KY1-1107 Cayman Islands
Hong Kong branch share registrar	Tricor Investor Services Limited 26/F, Tesbury Centre 28 Queen's Road East Wanchai, Hong Kong
Compliance adviser	Guotai Junan Capital Limited 27th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Principal bankers in China	Bank of China Huizhou Huihuan Sub-branch No. 4 Fifth Avenue Huihuan County Huizhou City PRC
Principal bankers in Macau	Bank of China, Macau Branch Bank of China Building Avenida Doutor Mario Soares Macau DBS Bank (Hong Kong) Limited Av. Praia Grande No. 762 13-andar-H, I, J, Edif China Plaza Macau

This section contains information and statistics relating to the industries that we operate in and certain related industry sectors. The information in the section below has been derived, in part, from various official government publications. We believe that the sources of those information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Sole Global Coordinator, the Sole Sponsor, the Underwriters, any of their respective directors, employees and personnel or any other person or party involved in the Global Offering and no representation is given as to its accuracy.

SOURCES OF INFORMATION

Freedonia

Freedonia Custom Research, Inc ("**Freedonia**") is a leading business research company that publishes industry research studies. Their industry analysis provides an outlook and an assessment of an industry and includes product and market forecasts, industry trends, threats and opportunities, competitive strategies, market share determinations and company profiles.

We commissioned Freedonia to conduct a market analysis of, and produce a report (the "**Freedonia Report**") that covers the disposable plastic medical consumables and degradable retail plastic bag markets in the United States, United Kingdom, European Union (except United Kingdom) (the "**Rest of EU**") and China (the "**Research Scope**"). The Freedonia Report represents data, research opinion or viewpoints developed independently on its behalf and does not constitute a specific guide to action. In preparing the Freedonia Report, Freedonia used various sources, including company financial filings; government statistical reports; press releases; industry magazines; and interviews with employees of manufacturers of related products (including client), manufacturers of competitive products, distributors of related products, and government and trade associations. Growth rates shown in the Freedonia Report are based on many variables, such as currency exchange rates, raw material costs and pricing of competitive products, and such variables are subject to wide fluctuations over time. The Freedonia Report speaks as of its original publication date (and not as of the date of this prospectus), and the opinions and forecasts expressed in the Freedonia Report are subject to change without notice. The fee payable to Freedonia for the preparation of the Freedonia Report is US$54,000. The payment of such amount was not contingent upon our successful listing or on the results of the Freedonia Report. Besides the Freedonia Report, we did not commission any other customized report in connection with the preparation of the industry data used in this prospectus.

Freedonia conducted primary and secondary research in order to gather data for analysis in the Freedonia Report. Secondary sources includes, but were not limited to:

— Freedonia consensus economic forecasts

— Freedonia industry studies, such as biodegradable plastics, world bioplastics and disposable medical supplies

— Industry and trade publications/associations

— Local and national press

— Marketing literature and press releases from competitors

— Investment analyst presentations

In preparation for primary research interviews, guides were developed and employed for discussions across industry constituent groups. Primary research was aimed at challenging and validating assumptions developed during the course of the study.

INTRODUCTION OF DEGRADABLE POLYMERS

Owing to the extraordinary range of properties accessible in polymeric materials, polymer plays an essential and ubiquitous role in everyday life. For example, plastic is one of the polymeric materials that has the characteristics of strong, durable, versatile, lightweight, safe and inexpensive and it is widely used nowadays. However, increasing concern is put on the environmental impact of plastic as it cannot be degraded for decades and will become the waste to the environment after use. Thus, degradable polymers have been developed and become increasingly popular in recent decades to meet the changing public attitude and concern.

According to a study commissioned by The Department of the Environmental and Heritage on behalf of the Environment Protection and Heritage Council of Australia and New Zealand in 2003, degradable polymers can be classified into two ways based on the methodology by which they degrade and the materials from which they are manufactured:

1. Degradable polymers are polymers that are able to degrade in different ways and in different environments. According to the way they degrade, degradable polymers can be classified into the following types:

    - **Biodegradable polymers** — polymer capable of undergoing decomposition into carbon dioxide, methane, water, inorganic compounds or biomass. The enzymatic action of microorganisms plays a predominant role in the decomposition and can be measured by standardized tests, in a specified time, reflecting available disposal conditions;

- **Compostable polymers** — polymer degradable under composting conditions. The polymers must break down under the action of microorganisms, achieve total mineralization and the mineralization rate must be high and compatible with the composting process;

- **Oxo-biodegradable polymers** — polymer degradable through the incorporation of additives which trigger and accelerate the degradation process. Its degradation is initiated by natural daylight, heat and/or mechanical stress, embrittled in the environment and eroded under the influence of weathering. The length of time it takes for oxo-biodegradable products to degrade can be "programmed" at the time of manufacture and can be as little as a few months or as much as a few years. They are protected from degradation by special antioxidants until ready for use, and storage-life will be extended if the products are kept in cool, dark conditions;

- **Photodegradable polymers** — polymer degradable through the action of ultraviolet ("**UV**") light as it weakens the chemical bond or link in the polymer or chemical structure of the plastic. UV-sensitive additives may be added in the polymer to accelerate the degradation process; and

- **Water-soluble polymers** — polymer dissoluble in water within a designated temperature range and then biodegrade in contact with microorganisms.

2. Composition of degradable polymers also vary, with the main categories being:

   - **Starch-based polymers** — polymers made with at least 90% starch from renewable resources such as potato, corn, tapioca or wheat;

   - **Polyesters** — polymers manufactured from hydrocarbons (oil or gas). All polyesters degrade eventually, with degradation rates ranging from weeks for aliphatic polyesters to decades for aromatic polyesters; and

   - **Starch-polyester blends** — polymers that mix thermoplastic starch with polyesters made from hydrocarbons.

MAJOR END-USES

Applications for degradable plastics can be loosely placed into two categories — packaging and non-packaging. Packaging markets for degradable plastics include packaging film, loose-fill materials, containers and other molded packaging products. Non-packaging uses for degradable plastics encompass bags, foodservice disposables, automotive parts, electronics, agricultural films and others. A wide variety of degradable plastics can be used in the manufacture of packaging film, including polylactic acid, starch-based resins, polyhydroxyalkanoates (PHAs) and cellophane. Degradable loose-fill packaging is made from starch-based plastics, which are typically rendered from corn or wheat.

Degradable plastic bags include yard/garden, kitchen/refuse, retail and grocery, industrial liner, chemical handling and infectious/soiled laundry types. Applications for degradable plastics in foodservice disposables include cutlery, plates, trays, dishes, bowls and cups, which are widely used in fast-food and other dining outlets, as well as in the home. In the agricultural sector, biodegradable plastics are used to make mulch films and daily landfill covers.

Other, smaller volume applications for degradable plastics include textiles (eg, bedding, apparel, carpet and nonwovens), disposable razor handles, foams for arts and crafts products, plant and seed coatings, and growing containers for plants.

DEGRADABLE RETAIL PLASTIC BAG MARKET

Degradable plastic bags have been promoted as a means of reducing the environmental impacts of plastic bag litter. While their widespread adoption would not reduce the number of bags in use, it is believed that degradable bags would last for a shorter time in the environment if littered, and thus have a lower adverse environmental impact.

Generally speaking, the key demand drivers for the degradable retail plastic bags include:

- The "green movement" — companies and cities are looking to gain positive exposure and/or be environmentally friendly, which has resulted in the adoption of degradable plastic bags;
- Non-degradable plastic bag bans, taxes and reduction efforts; and
- Sufficient composting infrastructure — with a sufficient composting infrastructure in place, there is demand for products (e.g. hydro-degradable bags) to utilize the facilities.

According to Freedonia, among the regions in the Research Scope, Rest of EU led degradable retail plastic bag demand in 2009 with a 61% market share in terms of units, followed by the UK (29%), US (7%) and China (3%). Degradable plastic bags are either hydro-biodegradable/compostable (i.e., starch-based and other products that meet specific

degradability standards for compostability) or oxo-biodegradable (i.e., traditional resin-based with a prodegradant additive), with oxo-biodegradable accounting for approximately three-fourths of the world market.

Degradable retail plastic bag demand by region (million units)

Item	2004 (A)	2005 (A)	2006 (A)	2007 (A)	2008 (A)	2009 (A)	2010 (F)	2011 (F)	2012 (F)	2013 (F)	2014 (F)	CAGR 09/04	CAGR 14/09
Degradable retail plastic bags	4,680	5,630	8,070	11,930	12,240	11,410	11,390	11,330	11,990	12,910	14,420	20%	5%
— United States	113	226	414	655	711	795	1,053	1,244	1,474	1,740	2,052	48%	21%
— United Kingdom	926	1,489	3,200	5,452	4,347	3,263	2,834	2,019	1,747	1,617	1,556	29%	-14%
— Rest of EU	3,596	3,846	4,348	5,665	6,911	7,005	7,087	7,572	8,171	8,859	9,995	14%	7%
— China	44	69	109	158	271	348	415	495	598	694	816	51%	19%

(A) actual figures; (F) forecast figures.

Source: Freedonia Custom Research. Inc.

As shown in the table above, degradable retail plastic bag demand in the United States is limited due to the lower penetration of degradable plastic bags in the United States retail market relative to the United Kingdom and Rest of EU, resulting from the lack of widespread composting infrastructure and belated adoption of plastic bag regulations/policy. However, from 2004 to 2007, degradable retail plastic bag adoption rose quickly in the United States since more retailers and cities were looking for ways to be more environmentally friendly as consumer environmental awareness increased. The CAGR of degradable retail plastic bag demand by United States in terms of units from 2004 to 2009 was 48%. It is expected that the demand for degradable retail plastic bag in United States will continue to grow at CAGR of 21% from 2009 to 2014 as retailers and cities continue to strive to become more environmentally friendly.

The United Kingdom is the second largest consumer of degradable retail plastic bags of the regions in the Research Scope, accounting for 29% of unit-based demand in 2009. From 2004 to 2007, degradable retail plastic bag adoption rose rapidly in the United Kingdom. Retailers, especially supermarkets, began to utilize the bags in an attempt to be more environmentally friendly. The CAGR of degradable retail plastic bag demand by the United Kingdom in terms of units from 2004 to 2009 was 29%. However, demand is expected to decrease from 2009 to 2014 as retailers reduce plastic carrier bag usage at the request of the UK government.

The Rest of EU is the leading consumer of degradable retail plastic bags of the regions in the Research Scope, accounting for 61% of 2009 demand in terms of units. Many Rest of EU countries, including Austria, Belgium, Germany and Netherlands, have a developed composting infrastructure, making hydro-biodegradable retail plastic bags an attractive option over conventional bags. From 2004 to 2008, degradable retail plastic bag demand grew steadily as voluntary and mandated restrictions on traditional plastic bags were implemented by a number of countries, cities and companies amidst growing environmental concerns. The CAGR of degradable retail plastic bag demand by the Rest of EU in terms of

units from 2004 to 2009 was 14%. Projecting into the future, it is expected that traditional plastic bag restrictions will continue to spur moderate demand growth at 7% CAGR from 2009 to 2014.

In 2009, China only accounted for 3% of degradable retail plastic bag demand in terms of units. Due to the country's low per capita income, retailers and consumers are generally less willing to pay a premium for degradable retail plastic bags over traditional plastic bags than consumers in industrialized nations. In addition, the country lacks adequate composting infrastructure, limiting hydro-biodegradable bag adoption. However, environmental concerns have stimulated some degradable retail plastic bag demand, especially in urban areas where per capita income is rising. As a result, the CAGR of degradable plastic bag demand by China in terms of units from 2004 to 2009 was 51% while the demand from 2009 to 2014 will increase steadily at 19% CAGR as consumers desire the convenience of plastic bags and the environmental friendliness of degradable types.

The primary factor affecting the price of a degradable retail plastic bag is the material of its production — bags that are manufactured from biodegradable resins and conform to the compostability standards cost more than bags made from traditional plastic resins and rendered degradable by the incorporation of a chemical additive. Improvements in production process and economics of scale with increasing volume have led to a substantial reduction in the price of biodegradable plastic resins. Resin prices are expected to decline going forward, which will precipitate further decreases in degradable retail plastic bag prices through 2014.

DISPOSABLE MEDICAL CONSUMABLES MARKET

Save for the degradable retail plastic bag, our Company also produces or will produce disposable medical consumables including gloves, aprons and garbage bags which are targeted at the United States, United Kingdom, Rest of EU and China markets.

Generally speaking, the key demand drivers for disposable medical consumable include:

- Proliferating epidemic patterns
- Increasing volume of healthcare activity attributable to aging demographic patterns
- Strengthening healthcare infection-control safeguards

United States

Disposable medical consumable demand by product (million units)

Item	2004 (A)	2005 (A)	2006 (A)	2007 (A)	2008 (A)	2009 (A)	2010 (F)	2011 (F)	2012 (F)	2013 (F)	2014 (F)	CAGR 09/04	CAGR 14/09
Medical consumables *(mil units)*													
— Gloves	27,370	27,880	28,425	28,945	29,480	30,000	30,565	31,125	31,725	32,290	32,870	1.9%	1.8%
— Aprons	4,208	4,331	4,481	4,631	4,770	4,870	5,010	5,155	5,305	5,455	5,610	3.0%	2.9%
— Garbage Bags	2,115	2,185	2,250	2,310	2,370	2,430	2,495	2,565	2,635	2,710	2,785	2.8%	2.8%

(A) actual figures; (F) forecast figures.

Source: Freedonia Custom Research, Inc.

Demand for disposable medical consumables, i.e. gloves, aprons and garbage bags, in the United States grew at a CAGR of 1.9%, 3.0% and 2.8% respectively from 2004 to 2009 in terms of units. It is expected that an increasing volume of healthcare activity attributable to aging demographic patterns and a rising incidence of diseases and disorders will underpin growth in the future. Demand will also gain upward momentum as hospitals, outpatient facilities and other healthcare establishments adopt stricter safeguards to meet infection prevention standards. Forecasted CAGR of demand for gloves, aprons and garbage bags in terms of units are 1.8%, 2.9% and 2.8% respectively from 2009 to 2014.

United Kingdom

Disposable medical consumable demand by product (million units)

Item	2004 (A)	2005 (A)	2006 (A)	2007 (A)	2008 (A)	2009 (A)	2010 (F)	2011 (F)	2012 (F)	2013 (F)	2014 (F)	CAGR 09/04	CAGR 14/09
Medical consumables *(mil units)*													
— Gloves	2,475	2,550	2,620	2,680	2,735	2,830	2,890	2,955	3,020	3,070	3,150	2.7%	2.2%
— Aprons	391	408	425	442	459	475	493	513	533	551	575	4.0%	3.9%
— Garbage Bags	207	214	221	227	233	236	242	248	254	261	268	2.7%	2.6%

(A) actual figures; (F) forecast figures.

Source: Freedonia Custom Research, Inc.

Demand for disposable medical consumables, i.e. gloves, aprons and garbage bags, in the United Kingdom grew at a CAGR of 2.7%, 4.0% and 2.7% respectively from 2004 to 2009 in terms of units. It is expected that the alleviation of healthcare availability problems, magnified by aging demographic trends, will lead to a rise in surgical and outpatient consultation rates, which will boost demand for disposable medical consumable in the future. Forecasted CAGR of demand for gloves, aprons and garbage bags in terms of units are 2.2%, 3.9% and 2.6% respectively from 2009 to 2014.

Rest of EU

Disposable medical consumable demand by product (million units)

Item	2004 (A)	2005 (A)	2006 (A)	2007 (A)	2008 (A)	2009 (A)	2010 (F)	2011 (F)	2012 (F)	2013 (F)	2014 (F)	CAGR 09/04	CAGR 14/09
Medical consumables *(mil units)*													
— Gloves	20,710	21,075	21,220	22,145	22,325	23,000	23,465	23,925	24,390	24,865	25,400	2.1%	2.0%
— Aprons	3,066	3,169	3,235	3,430	3,507	3,680	3,815	3,950	4,090	4,235	4,390	3.7%	3.6%
— Garbage Bags	1,670	1,716	1,779	1,843	1,894	1,893	1,935	1,980	2,025	2,070	2,125	2.5%	2.3%

(A) actual figures; (F) forecast figures.

Source: Freedonia Custom Research, Inc.

Demand for disposable medical consumables, i.e. gloves, aprons and garbage bags, in the Rest of EU grew at a CAGR of 2.1%, 3.7% and 2.5% respectively from 2004 to 2009 in terms of units. Germany, France and Italy are the largest disposable medical supply markets in the region. It is expected that positive influences on product demand in the future will include expanding middle-aged and elderly population segments; an increasing incidence of diseases and disorders requiring professional attention; and the upgrading of infection-control standards aimed at preventing the spread of life-threatening illnesses during patient procedures. Forecasted CAGR of demand for gloves, aprons and garbage bags in terms of units are 2.0%, 3.6% and 2.3% respectively from 2009 to 2014.

China

Disposable medical consumable demand by product (million units)

Item	2004 (A)	2005 (A)	2006 (A)	2007 (A)	2008 (A)	2009 (A)	2010 (F)	2011 (F)	2012 (F)	2013 (F)	2014 (F)	CAGR 09/04	CAGR 14/09
Medical consumables *(mil units)*													
— Gloves	546	619	671	723	775	829	883	938	993	1,048	1,106	8.7%	5.9%
— Aprons	142	155	162	169	174	188	196	203	213	220	230	5.8%	4.1%
— Garbage Bags	738	746	779	800	886	919	950	990	1,020	1,055	1,090	4.5%	3.5%

(A) actual figures; (F) forecast figures.

Source: Freedonia Custom Research, Inc.

Demand for disposable medical consumables, i.e. gloves, aprons and garbage bags, in China grew at a CAGR of 8.7%, 5.8% and 4.5% respectively from 2004 to 2009 in terms of units. The improving availability of inpatient and ambulatory healthcare services will support growth. China's surgical and outpatient consultation rates are expected to rise in the future as hospitals are modernized and broaden capabilities in surgery and general healthcare treatment. Hospitals dominate the delivery of most medical services in China, serving as the base of operations for most doctors. China lacks an integrated network of outpatient facilities and physicians' offices. As a result, residents must usually go to the hospital to receive professional healthcare treatment.

Besides, a high level of external investment by multinational companies is enabling the country to expand medical product manufacturing capabilities to serve both domestic and export markets. After the 2003 Severe Acute Respiratory Syndrome (SARS) outbreak, China upgraded healthcare infection prevention safeguards, which created significant growth opportunities for disposable medical consumables. Forecasted CAGR of demand for gloves, aprons and garbage bags in terms of units are 5.9%, 4.1% and 3.5% respectively from 2009 to 2014.

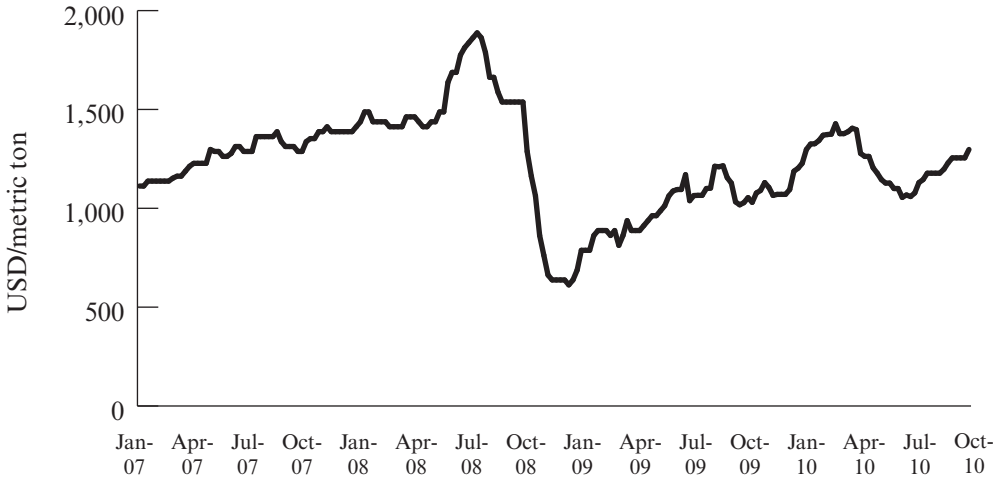
According to Freedonia, price increases for disposable plastic medical consumables in the US and United Kingdom are expected to hold steady or moderate through 2014. Prices for plastic goods rose rapidly between 2004 and 2008 as a result of sharp spikes in the prices of petroleum-based raw materials beginning in 2003. Flat or decelerating price growth going forward will be resulting from more moderate increases in raw material prices following the high base of recent years; intensifying price competition among suppliers; increased use of Asia-based manufacturing by US and UK producers; and aggressive volume discounts secured by hospitals and other major end-users when purchasing on contract from a single vendor.

THE PRICE TREND OF POLYETHYLENE AND OIL

The average price of high density polyethylene was around US$1,100 per metric ton at the beginning of 2007 and the price was on the uptrend from the period between 2007 and the first half of 2008, and reached as high as around US$1,880 per metric ton in the middle of 2008. Nevertheless, the average price of high density polyethylene declined dramatically to around US$610 per metric ton in December 2008 amid the emergence of global financial turmoil. The price of high density polyethylene rebounded gradually since the beginning of 2009 and stayed at around US$1,200 per metric ton by the end of September 2010.

The following chart sets out the spot price of high density polyethylene (HDPE) for the period between January 2007 and September 2010:

Polyethylene (HDPE) Spot Price

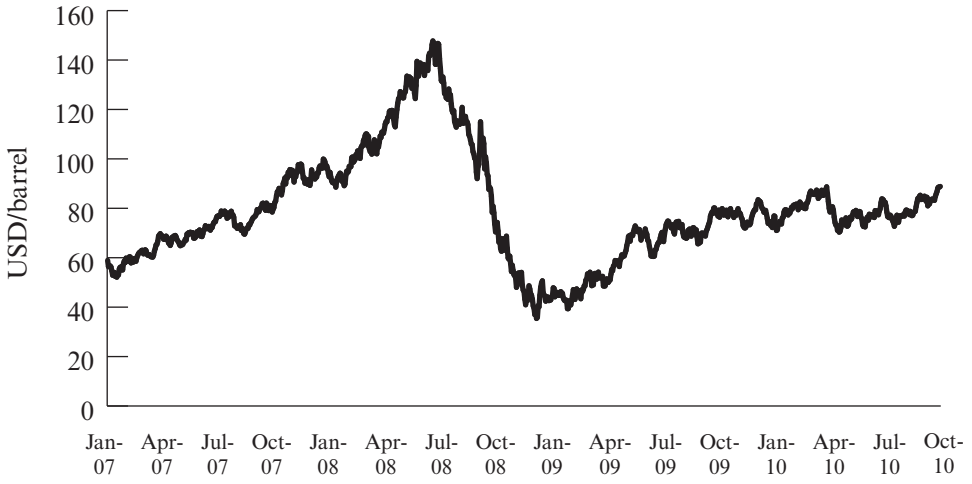


Source: Bloomberg

As polyethylene is a by-product of crude oil, the price of polyethylene in some extent is affected by the price of oil. The average oil price was around US$61 per barrel in January 2007 and was on the uptrend throughout 2007 and the first half of 2008, and climbed as high as around US$146 per barrel in July 2008. Since then, the average oil price dropped dramatically to as low as US$35 per barrel towards the end of 2008. The average oil price rebounded gradually since the beginning of 2009 and stayed at around US$82 per barrel by the end of September 2010.

The following chart sets out the average crude oil price for the period between January 2007 and September 2010:

Average Crude Oil Price



Source: Bloomberg

This section sets out summaries of certain aspects of laws and regulations in the PRC and Macau, which are relevant to our Group's operation and business.

LAWS AND REGULATIONS IN THE PRC

Establishment, Operation and Management of a Foreign-invested Enterprise

The establishment, operation and management of corporate entities in China are governed by the PRC Company Law, which was adopted by the Standing Committee of the National People's Congress* (全國人民代表大會常務委員會) on 29 December 1993. It was last amended on 27 October 2005 and became effective on 1 January 2006. The PRC Company Law governs the establishment, corporate governance, share transfer, merger, division, change of registered capital and other aspects of companies. Foreign-invested companies are subject to the PRC Company Law. However, where laws on foreign investment have other stipulations, such stipulations shall apply.

Certain aspects including approval procedures and foreign exchange matters of a wholly foreign-owned enterprise are also regulated by the Foreign-invested Enterprise Law of the PRC* (《中華人民共和國外資企業法》) (the "**Foreign-invested Enterprise Law**"), which was promulgated on 12 April 1986 and amended on 31 October 2000, and the Implementation Regulations of the Foreign-invested Enterprise Law* (《中華人民共和國外資企業法實施細則》), which was promulgated on 12 December 1990 and amended on 12 April 2001.

Investment in the PRC conducted by foreign investors is governed by the Guidance Catalogue of Industries for Foreign Investment* (《外商投資產業指導目錄》) (the "**Catalogue**"), as amended from time to time, of which the latest edition was promulgated by MOFCOM and the NDRC of the PRC* (中華人民共和國國家發展和改革委員會) (the "**NDRC**") on 31 October 2007. The Catalogue is a tool that relevant PRC administrative authorities have used to manage and direct foreign investment. The Catalogue divides industries into three basic categories: encouraged, restricted and prohibited. Industries not listed in the Catalogue are generally open to foreign investment unless specifically barred in other PRC laws and regulations.

Foreign-invested enterprises fall in the encouraged category and in the restricted category may be limited to sino-foreign equity or contractual joint ventures, in some cases with the requirement that the Chinese partner shall be the majority shareholder. Investing in the restricted category may also be subject to higher-level government approvals. Industries in the prohibited category are closed to foreign investment.

Importation and Exportation of goods

Pursuant to the Foreign Trade Law of the PRC* (《中華人民共和國對外貿易法》) (the "**Foreign Trade Law**"), which was promulgated on 12 May 1994 and amended on 6 April 2004 and effective from 1 July 2004, and relevant laws and regulations, foreign trade dealers engaged in import or export of goods or technologies shall register with the MOFCOM or its authorized institutions unless laws, regulations and rules promulgated by MOFCOM

provide that such registration is not required. Where foreign trade dealers fail to register as required, relevant PRC Customs shall not conduct the procedures of declaration, examination and release of the imported or exported goods.

Pursuant to the Administrative Provisions of the Customs for the Registration of Customs Declaration Units* (《中華人民共和國海關對報關單位註冊登記管理規定》), which was promulgated on 31 March 2005 and effective from 1 June 2005, as one type of declaration units, "consignee or consignor of import or export goods" is defined as any legal person, other organization or individual within the customs territory of the PRC that directly imports or exports goods in accordance with relevant provisions. Consignee or consignor of import or export goods shall register with local PRC Customs. After registering with relevant PRC Customs, consignee or consignor of import or export goods may handle their own declarations at any customs port or locality where customs supervisory affairs are concentrated within the customs territory of the PRC. A declaration registration certificate for the consignee or consignor of import or export goods issued by relevant PRC Customs shall be valid for a period of three years. The enterprise engaging in import and export goods as consignee and consignor shall renew such certificate with relevant customs 30 days ahead of the expiry date.

Taxation

Enterprise income tax and withholding tax

On 1 January 2008, the new Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得税法》) (the "**New Enterprise Income Tax Law**") and its implementing rules became effective. According to the New Enterprise Income Tax Law, a unified enterprise income tax ("**EIT**") rate of 25% applies to both domestic enterprises and foreign-invested enterprises. The Notification of the State Council on Carrying out the Transitional Preferential Policies concerning Enterprise Income Tax* (《國務院關於實施企業所得税過渡優惠政策的通知》), which was promulgated and became effective on 26 December 2007, further clarifies that from 1 January 2008, the enterprises that enjoyed a "two-year exemption and three-year half payment" of EIT and certain other tax reduction or exemptions with a specified period according to the then applicable tax laws, administrative regulations and relevant documents may, after the enactment of the New Enterprise Income Tax Law, continue to enjoy such benefits until the expiration of the applicable period. Enterprises whose preferential tax treatment have not commenced due to the fact that no profits had been generated in previous years shall enjoy such preferential tax treatment from 1 January 2008 until the expiry of relevant period.

In addition, pursuant to the New Enterprise Income Tax Law and its implementation rules and the Implementation Regulations for Special Tax Adjustments (Trial)*, (《特別納税調整實施辦法(試行)》), transactions in respect of the purchase, sale and transfer of products between, amongst others, enterprises under direct or indirect control by the same third party are regarded as related parties transactions. According to such laws and regulations, related parties transactions should comply with the arm's length principle (獨立交易原則); and if the failure of compliance with such principle results in reducing the income or taxable income of the enterprise or its related parties, the tax authority has the

power to make an adjustment in accordance with reasonable methods within a maximum of 10 years' time. Pursuant to such laws and regulations, any company entering into related party transactions with another company shall submit an annual related party transactions reporting form to the supervising tax authority.

Also, the New Enterprise Income Tax Law and its implementation rules stipulate that if an entity is deemed to be a non-PRC resident enterprise without an office premises in the PRC, withholding tax at the rate of 10% will be applicable to any dividends paid to it by its PRC subsidiaries, unless it is entitled to a reduction or exemptions of such tax, including by tax treaties. The PRC and the government of Hong Kong signed the Arrangement between the Mainland of the PRC and Hong Kong for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income* (《內地和香港特別行政區關於對所得稅避免雙重徵稅和防止偷漏稅的安排》) (the "**Arrangement**") on 21 August 2006. According to the Arrangement, a 5% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong tax resident, provided that such Hong Kong tax resident directly holds at least 25% of the capital of such PRC company, and a 10% withholding tax rate applies if otherwise.

According to the Notice on Issues Regarding the Enforcement of Dividend Articles in Tax Treaties* (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) promulgated by the State Administration of Taxation (the "**SAT**") on 20 February 2009, to apply the dividend articles in relevant tax treaties including the Arrangement, certain requirements shall be satisfied, among which: (1) the taxpayer entitled to the preferential tax rate(s) shall be a tax resident under the tax treaties and shall be the "beneficial owner" of the dividends it receives; (2) where the dividend articles provide a preferential tax rate for the taxpayer directly holding a certain percentage (usually at least 25% or 10%) of share capital of a PRC company, such taxpayer must be a company and must satisfy such direct ownership thresholds at all times during the 12 consecutive months preceding the receipt of the dividends. The SAT further promulgated the Notice on How to Understand and Recognize the "Beneficial Owner" in Tax Treaties* (《國家稅務總局關於如何理解和認定稅收協定中「受益所有人」的通知》) on 27 October 2009, which defines the "Beneficial Owner" as individuals, enterprises or other organizations normally engaged in substantive operations, and sets forth certain adverse factors on the recognition of "beneficial owner". On 24 August 2009, the SAT issued the Administrative Measures for Non-resident Enterprises to Enjoy Treatments under Tax Treaties (For Trial Implementation)* (《國家稅務總局關於印發〈非居民享受稅收協定待遇管理辦法(試行)〉的通知》), effective on 1 October 2009, which require the non-resident enterprises to obtain the approval for enjoying the treatments under tax treaties from the competent tax authority.

Moreover, the Circular of the SAT on Strengthening the Administration of Enterprise Income Tax on Incomes from Non-resident Enterprises' Equity Transfers* (《國家稅務總局關於加强非居民企業股權轉讓所得企業所得稅管理的通知》) (the "**Circular 698**") was promulgated by SAT on 10 December 2009 and effective from 1 January 2008. According to the Circular 698, "equity transfer income" used in it refers to the income obtained by the non-resident enterprises from their transfers of the equity of PRC resident enterprises (excluding the stocks of PRC resident enterprises that are traded in the open securities markets). And where the withholding agent fails to withhold in accordance with relevant

provisions or is unable to perform the withholding obligation, the non-resident enterprise shall report and pay the EIT to the competent tax authorities where the PRC resident enterprise whose equity has been transferred within seven days upon the date of equity transfer as agreed in relevant contracts and/or agreements (where the transferring party obtains the equity transfer income in advance, the date of actual obtaining of equity transfer income shall prevail). Where the non-resident enterprise fails to report on time faithfully, the relevant provisions of administration law of tax collection shall apply. In addition, where the non-resident enterprise transfers the equity of a PRC resident enterprise to its related party and the transfer price thereof is not in consistent with the independent transaction principle and thus the taxable income amount is reduced, the tax authorities shall have the right to adjust the same in light of reasonable methods. Foreign investor's indirect transfer of the equity of a PRC resident enterprise via disposing the equity of an overseas holding company may also be subject to the Circular 698 under certain circumstances.

Value-added tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC* (《中華人民共和國增值税暫行條例》) which became effective on 1 January 2009 and relevant rules, all units or individuals in the PRC engaging in the sale of goods, the provision of processing, repairs and replacement services, and the importation of goods are required to pay value-added tax ("**VAT**"). VAT payable is calculated on the basis of "output VAT" minus "input VAT". The rate of VAT is 17% for those engaging in the sale or importation of goods except otherwise provided in the Provisional Regulations on Value-added Tax of the PRC and relevant rules and is 17% for those providing processing, repairs and replacement services.

Transfer Pricing Contemporaneous Documentation Requirement

The SAT issued the Administrative Regulation for Special Tax Adjustments (For Trial Implementation)* (特別納税調整實施辦法(試行)) (the "**STA Rules**") on 8 January 2009, which took effect retrospectively from 1 January 2008. According to the STA Rules, the New Enterprise Income Tax Law and its implementing rules, enterprises should prepare and maintain contemporaneous documents regarding related party transactions for each taxable year and submit them to competent tax authorities at their request. The contemporaneous documents mainly include information regarding organizational structure, overview of business operations, information regarding related party transactions, comparability analysis and selection and application of transfer pricing methodologies. Enterprises which meet one of the following standards are exempt from preparing contemporaneous documents: (1) the annual amount of related party purchase/sales is lower than RMB200 million and the annual amount of other related party transactions is lower than RMB40 million; (2) related party transactions are covered under an effective advance pricing arrangement; or (3) foreign shareholding percentage is lower than 50% and the related party transactions only incur among domestic associated parties. Except as otherwise stipulated by the STA Rules, enterprises should complete the preparation of contemporaneous documents for the current year before 31 May of the following year and submit the documents within 20 days upon request from tax authorities.

Foreign Currency Exchange

According to the Foreign Exchange Administration Rules of the PRC* (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Administration Rules**") which was promulgated by the State Council of the PRC* (中華人民共和國國務院) on 29 January 1996, amended on 14 January 1997 and further amended and became effective on 1 August 2008. Under the Foreign Exchange Administration Rules and the Administrative Provisions on the Settlement, Sale and Payment of Foreign Exchange* (《結匯、售匯及付匯管理規定》) which was implemented on 1 July 1996 and other relevant provisions, Renminbi is generally convertible for payments of current account items without the approval of foreign exchange administrative authorities, such as trade and service-related transactions (by providing commercial documents evidencing such transactions) and dividend payments made by foreign-invested enterprises (by providing certain evidencing documents such as board resolutions), but only convertible upon the approval of the relevant foreign exchange administrative authorities and approval or file with the relevant governmental authorities (where necessary) for capital account items, such as the transfer of foreign currency capital of foreign-invested enterprises, foreign institutions' and foreign individuals' direct investment in PRC, PRC institutions' and PRC individuals' offer and/or transaction of securities, derivative products and foreign loan. Foreign-invested enterprises are also allowed to retain foreign currency income under current account items (subject to a cap approval by relevant foreign exchange administrative authorities).

Apply net proceeds from the Global Offering in the PRC

According to Foreign Exchange Administration Rules, its relevant implementation rules and guidelines, other relevant PRC laws and regulations and requirements of PRC governmental authorities and their relevant branches, subject to conditions, proceedings and requirements prescribed therein, a foreign investor may apply its foreign exchanges (such as net proceeds from the global offering) in the PRC by the following methods: (i) increasing the registered capital of its PRC subsidiaries; (ii) establishing a new PRC subsidiary; (iii) acquiring equity interests in the other companies in the PRC; and/or (iv) providing shareholder loans to its qualified subsidiaries in the PRC in an amount not exceeding the difference between the investment amount and the registered capital of such subsidiary. However, both the total investment amount and the registered capital of Huizhou Junyang is USD5,000,000; and both the total investment amount and the registered capital of Chum Baokang Medical is HK$1,200,000. If Huizhou Junyang or Chum Baokang Medical intends to use the net proceeds from the Global Offering through obtaining shareholder loans from our offshore subsidiary, the Group may have to adjust such total investment amount and the registered capital according to relevant PRC laws, regulations and regulatory rules. Our PRC Legal Advisers are of the view that if our Company's PRC subsidiaries, their shareholders and other relevant parties meet all statutory conditions and requirements, including but not limited to requirements and conditions of competent branch of NDRC, MOFCOM and/or SAFE, after completion of all approval, registration, filing or other relevant statutory and administrative procedures required by relevant PRC laws, regulations and rules, there will be no material legal impediment for our Company to apply the net proceeds from the Global Offering in the PRC by the four methods mentioned above.

Product Quality

The Product Quality Law of the PRC* (《中華人民共和國產品質量法》) (the "**Product Quality Law**"), which was promulgated on 22 February 1993, amended on 8 July 2000 by the Standing Committee of the National People's Congress and implemented on 1 September 2000.

The Product Quality Law is applicable to activities of production and sale of any product within the territory of the PRC, and the producers and sellers shall be liable for product quality responsibilities in accordance with the Product Quality Law. Moreover, products that may endanger the health of people and the safety of person and property shall be subject to random inspections conducted by relevant administrative authorities.

Consumer Protection

The Law on the Protection of the Rights and Interests of Consumers of the PRC* (《中華人民共和國消費者權益保護法》) (the "**Consumer Protection Law**") was promulgated on 31 October 1993 and implemented on 1 January 1994 by the Standing Committee of the National People's Congress.

The Consumer Protection Law sets out the rights of consumers and the obligations of sellers. According to the Consumer Protection Law, the rights and interests of consumers when purchasing or using commodities or receiving services include the right that the safety of person and property will not be harmed, the right to know the facts concerning commodities purchased and used or services received, and the right to fair dealing, and so on. All manufacturers and distributors involved must ensure that the commodities and services provided meet the standards of safeguarding the safety of person and property.

Anti-Monopoly Law

Pursuant to the Anti-Monopoly Law of PRC* (《中華人民共和國反壟斷法》) (the "**Anti-Monopoly Law**"), "dominant market position" shall refer to a position where an operator may control the prices of commodities, their quantity, and other terms of transaction within relevant markets, or obstruct or otherwise effect the entrance of other operators into relevant markets. Operators who is in a dominant market position shall be prohibited from engaging in such practices which may be classified as an abuse of said position as selling products at unfairly high or purchasing at unfairly low prices, selling products at a price lower than cost without just cause, refusing to conduct transactions with the counter party without just cause, forcing the counter party to conduct transactions only with itself or operators designated by it without just cause, conducting tie-in sales or adding other unreasonable conditions in a transaction without just cause, discriminating between trading counter parties of the same qualifications without just cause, or other activities recognized by the anti-monopoly authorities as abuse of dominant market position.

Furthermore, where an operator violates the provisions of the Anti-Monopoly Law by abusing their dominant market position, the anti-monopoly authorities shall order a termination of relevant activities, confiscate the illegal earnings, and impose a fine of between 1% and 10% of the previous year's sales income.

Anti-Unfair Competition Law

The principal legal provisions governing the competition among the business operators are set out in the Anti-Unfair Competition Law of the PRC* (《中華人民共和國反不正當競爭法》) (the "**Anti-Unfair Competition Law**"). According to the Anti-Unfair Competition Law, operators shall follow the principle of voluntariness, equality, fairness, honesty and good faith, and observe generally recognized business ethics. And acts of operators in violation of the Anti-Unfair Competition Law, with a result of damaging the legal rights and interests of other operators, and disturbing the socio-economic order shall constitute unfair competition. Where an operator commits unfair competition in violation of the Anti-Unfair Competition Law and causes damage to other operator, it or he shall bear the responsibility for compensating for the damages caused. Where the losses suffered by such other operator are difficult to calculate, the amount of damages shall be the profit gained by the infringer during the period of infringement through the infringing act. The infringer shall also bear all reasonable costs paid by such other operator in investigating the unfair competition activities committed.

Environmental Protection

The major PRC environmental regulations applicable to us include the Environmental Protection Law of the PRC* (《中華人民共和國環境保護法》) (the "**Environmental Protection Law**") promulgated and implemented by the Standing Committee of the National People's Congress on 26 December 1989, the Law of the PRC on Prevention and Control of Water Pollution* (《中華人民共和國水污染防治法》) implemented on 1 June 2008, the Law of the PRC on Prevention and Control of Atmospheric Pollution* (《中華人民共和國大氣污染防治法》) effective as of 1 September 2000, the Law of the PRC on Prevention and Control of Environmental Pollution by Noise* (《中華人民共和國環境噪聲污染防治法》) effective as of 1 March 1997, the Administrative Regulation for Collect and Use of Pollutant Discharge Fee* (《排污費徵收使用管理條例》) effective as of 1 July 2003, and the Administrative Measures of Collection Standard of Pollutant Discharge Fee* (《排污費徵收標準管理辦法》) effective as of 1 July 2003. According to the aforesaid laws and regulations:

— Units that cause environmental pollution and other public hazards shall incorporate the work of environmental protection into their plans, establish a responsibility system for environmental protection, and shall adopt effective measures to prevent and control the pollution and harms caused to the environment by waste gas, waste water, waste residues, dust, malodorous gas, radioactive substance, noise, vibration and electromagnetic radiation generated in the course of production, construction or other activities;

— Enterprises and institutions that discharge pollutants must report to and register with the relevant environmental protection authorities; and

— Enterprises and institutions that discharge pollutants shall pay pollutant discharge fee in accordance with relevant laws and regulations.

Government authorities shall impose different penalties for activities that in violation of the Environmental Protection Law depending on the individual circumstances. Such penalties include warnings, fines, orders to correct within specified time limit, orders to stop production, orders to re-install installations for the prevention and control of pollution which have been removed or left unused, imposition of administrative sanctions against relevant responsible persons by the unit to which they belong or by the competent department of the government, or orders to suspend operations or close down.

According to the Regulations on the Administration of Construction Project Environmental Protection* (《建設項目環境保護管理條例》), which was promulgated and effective from 29 November 1998, and the Classified Directory for Environmental Impact Assessment Administration of Construction Project* (《建設項目環境影響評價分類管理名錄》) effective as of 1 October 2008, a construction unit should, in the phase of construction project feasibility study, submit the construction project environmental impact report, environmental impact statement or environmental impact registration form for approval. For a construction project that necessitate no feasibility study pursuant to relevant provisions, the construction unit should, prior to the start of the construction of the construction project, submit the construction project environmental impact report, environmental impact statement or environmental impact registration form for approval. Besides, the construction unit should, upon the completion of the construction project, file an application with the competent department of environmental protection administration that examined and approved the said construction project environmental impact report, environmental impact statement or environmental impact registration form for acceptance checks on completion of matching construction of environmental protection facilities required for the said construction project.

Labour Contracts and Occupational Protection

Pursuant to the Labour Contract Law of the PRC* (《中華人民共和國勞動合同法》) (the "**Labour Contract Law**"), which was adopted by the Standing Committee of the National People's Congress on 29 June 2007 and became effective on 1 January 2008, to establish a labour relationship, a written labour contract should be concluded. In the event that no written labour contract is concluded at the time when a labour relationship is established, such a written contract should be concluded within one month from the date when the employee starts to work for the employer. Where the employer fails to conclude a written labour contract with the employee for more than one month but less than a year from the date when the employee starts to work for the employer, the employer shall pay the employee times his salary for each month. In addition, if the employer fails to conclude a written labour contract with the employee within one year from the date when the employee starts to work for the employer, it shall be deemed that the employer has concluded a non-fixed term labour contract with the employee. Except for certain circumstances specified in the Labour Contract Law, an employer is obligated to enter into a non-fixed term labor contract with an employee if the employer continues to employ such employee after finishing two consecutive fixed-term labor contracts and the employer also has to pay compensation to employees if the employer terminates such non-fixed term labour contract except for certain circumstances specified in the Labour Contract Law. Compensation is

also required when the labour contract expires, except for certain circumstances including that employer intends to renew the labour contract with employee under the same terms or better terms but the employee refuses to renew.

Pursuant to the Law of The PRC on Prevention and Control of Occupational Diseases* (《中華人民共和國職業病防治法》), which was adopted by the Standing Committee of the National People's Congress on 27 October 2001 and became effective on 1 May 2002, for construction projects, including projects to be constructed, expanded or altered, and projects for technical renovation and introduction which may produce occupational diseases hazards, the unit responsible for the construction project shall, during the period of feasibility study, submit to the health administrative department a preliminary assessment report on such hazards. The said department shall, within 30 days from the date it receives the report, make a decision and inform the unit in writing. Where a unit fails to submit such a report to or its report is not approved by the relevant health administrative department, relevant authorities shall not grant approval to construct such project.

Furthermore, for construction projects that produce serious occupational diseases hazards, the design of the protective facilities shall be subject to examination by the health administration department. Only when the design conforms to the national norm for occupational health and meet the requirements for occupational health, construction can be started. And before the construction project is completed for inspection and acceptance, the construction unit shall assess the effect of the control of occupational disease hazards when the project is completed and ready for inspection and acceptance. The facilities for prevention of occupational diseases may be put into formal operation and use only after they have passed the inspection by the public health administration department.

Manufacturing and selling of Medical Devices/Appliances

According to the Administrative Provisions on Administration and Supervision of Medical Device* (《醫療器械監督管理條例》) promulgated and implemented by the State Council of PRC on 1 April 2000 and other relevant regulations, medical devices are divided into three categories: Category I, Category II and Category III. Manufacturing of Category I medical devices shall be approved by city level drug administrative authorities; manufacturing of Category II medical devices shall be approved by provincial drug administrative authorities; whereas manufacturing Category III medical devices shall be approved by the drug administrative department of the State Council. Category II medical devices and Category III medical devices shall also pass the clinical verification. In addition, the establishment of enterprises manufacturing Category I medical devices shall be recorded at the provincial drug administrative authorities, while the establishment of enterprises manufacturing Category II medical devices and Category III medical devices shall be approved by provincial drug administrative authorities and obtain the Licence for Medical Device Manufacturer* (《醫療器械生產企業許可證》) from the same. The Medical Device Registration Certificate and the Licence for Medical Device Manufacturer shall be valid for 4 and 5 years, respectively.

The basic requirements for the establishment of enterprise for manufacturing of Category I medical devices or Category II medical devices and for obtaining the relevant "Medical Device Manufacturing Enterprise License" mainly include the following: (i) it shall conform to the State's development planning and the industrial policies; (ii) it shall have professional technicians who have commensurable qualifications for the specification of the medical devices manufactured by the production enterprise; (iii) it shall have production premises and environment which are commensurable to the requirements for manufacturing the medical devices; (iv) it shall have production equipment that can meet the specifications of the medical devices manufactured by it, including the storage installation and equipment; (v) it shall maintain a quality inspection department or personnel and equipments for conducting inspection on finished products manufactured by it; (vi) it shall establish product quality management system, including purchasing, test for purchasing, storage, delivery re-examination, quality tracing system and adverse event report system; (vii) it shall have technology training and the after-sales service ability corresponding to the medical device product, or designate the third party to provide technology support; and (viii) it shall pass the examination and inspection of the competent authority.

Category I medical devices and Category II medical devices manufactured by the enterprise which have obtained the "Medical Device Manufacturing Enterprise Licence" shall be registered with relevant drug administrative authorities of different levels and obtain the Medical Device Registration Certificate* (《醫療器械註冊證書》) in order to be manufactured, sold and distributed in the PRC. More particularly, in the event that the enterprise intends to register certain Category II medical devices, it shall meet the production requirements by relevant drug administrative authorities or the relevant quality system requirements and certain tests have to be carried out by a medical device testing institution accredited by relevant drug administrative authorities and General Administration of Quality Supervision, Inspection and Quarantine of the PRC* (國家質量監督檢驗檢疫總局), and it is only after the medical devices having been tested to have fulfilled various applicable product standards, such medical devices can be used for clinical trial or can they be applied for registration. In addition, in order to complete the registration, Category II medical devices are also required to pass the clinical trial.

According to the Administrative Provisions on Administration and Supervision of Medical Device* (《醫療器械監督管理條例》) and relevant regulations, enterprise which is engaged in selling the Category I medical devices shall be recorded with competent food and drug administrative authority at the provincial level. Except as otherwise stipulated in relevant laws and regulations, enterprise which is engaged in selling the Category II and Category III medical devices shall be examined and approved by competent food and drug administrative authority at the provincial level and shall obtain License for Enterprise Dealing with Medical Devices* (《醫療器械經營企業許可證》) from such authority. In the absence of such License, local administrative bureau for industry and commerce shall not issue business license for enterprise which is engaged in selling medical devices. The validity period of the License for Enterprise Dealing with Medical Devices is five years. Upon the expiration thereof, such license shall be re-examined and issued by competent administrative authority.

According to the Administrative Regulations on Random Sampling for Medical Device Quality Supervision of PRC for Trial Implementation* (《國家醫療器械品質監督抽驗管理規定(試行)》), the State Food and Drug Administration and relevant local food and drug administrative authorities in China shall conduct inspections on medical devices on a random basis. The products selected are required to comply with the relevant PRC laws, regulations and national standards then in force. The result will be released to the public.

Printing Business

Pursuant to the Regulations on the Administration of Printing Industry* (《印刷業管理條例》) promulgated by the State Council on 2 August 2001, the State adopts the license system for printing operations. Such regulations regulate the operations of printing publications, as well as the packaging and decoration materials on printed objects. Pursuant to the Regulations on the Administration of Printing Industry* (《印刷業管理條例》), no unit or individual may undertake printing operations without obtaining the Printing Business Licence* (《印刷經營許可證》) according to these regulations. The General Administration of Press and Publication of the PRC* (中國新聞出版總署) promulgated the Interim Measures on the Qualifications of Printing Operators* (《印刷業經營者資格條件暫行規定》) on 9 November 2001, which specify the qualifications required for enterprises engaged in printing operations. Printing operators must satisfy such qualification requirements in order to obtain approval for their establishment and Printing Business Licence* (《印刷經營許可證》) from the competent press and publication administration.

Huizhou Junyang has obtained the Printing Business Licence* (《印刷經營許可證》) since 1 January 2006. Such permit was renewed on 1 January 2010. As advised by the PRC Legal Advisers, Huizhou Junyang has complied with the aforementioned PRC laws and regulations relating to printing business in all material aspects during the Track Record Period.

Social Insurance and Housing Fund

According to the Regulations on Work-Related Injury Insurance* (《工傷保險條例》) effective as of 1 January 2004, the Interim Measures concerning the Maternity Insurance for Enterprise Employees* (《企業職工生育保險試行辦法》) effective as of 1 January 1995, the Interim Regulations concerning the Levy of Social Insurance* (《社會保險費徵繳暫行條例》) effective as of 22 January 1999, the Interim Measures concerning the Management of the Registration of Social Insurance* (《社會保險登記管理暫行辦法》) effective as of 19 March 1999 and the Regulations concerning Housing Fund* (《住房公積金管理條例》) effective as of 3 April 1999 and amended on 24 March 2002, enterprises and institutions in the PRC shall provide their employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, occupational injury insurance and medical insurance, as well as housing fund and other welfare plans.

Intellectual Property Rights

Patent

The Patent Law of the PRC* (《中華人民共和國專利法》) (the "**Patent Law**") was revised on 27 December 2008 by the Standing Committee of the National People's Congress and effective from 1 October 2009. According to the Patent Law, an "invention" refers to any new technical solution relating to a product, a process or improvement thereof; an "utility model" refers to any new technical solution relating to the shape, the structure, or their combination, of a product, which is fit for practical use; a "design" means any new design of the shape, pattern or their combination, or the combination of colour and shape or pattern, of a product, which creates an aesthetic feeling and is fit for industrial application.

After the grant of the patent right for an invention or utility model, or a design, except where otherwise stipulated in the Patent Law, no unit or individual shall without the authorization of the patent owner, exploit such patent, that is, to make, use, offer to sell, sell or import the patented product, or use the patented methods, and use, offer to sell, sell or import the product directly obtained by using the patented methods, for production or operation purposes. The patent right for inventions shall be valid for twenty years and the patent right for utility models and designs shall be valid for ten years, commencing from the date of application.

As advised by the PRC Legal Advisers, except as disclosed in this prospectus, the PRC subsidiaries of our Group has complied with the PRC laws and regulations set out in this section in all material aspects.

LAWS AND REGULATIONS IN MACAU

Operation of commercial offshore

Pursuant to the laws and regulations of Macau, the legal regime in relation to the principal business activities of Two-Two-Free in Macau is based on Decree Law No. 58/99/M of 18 October ("**Law of Offshore Business**") and mainly regulated by the Macao Trade and Investment Promotion Institute (澳門貿易投資促進局) ("**IPIM**").

Under the Law of Offshore Business, Two-Two-Free is required to obtain authorization of registration from the Macao Trade and Investment Promotion Institute for the establishment of a commercial offshore company. Two-Two-Free has duly obtained the authorization of offshore services and has been authorized to establish and operate as a commercial offshore company in Macau to conduct the principal business activities of Two-Two-Free pursuant to the certificate of authorization of offshore services no. DSO/134/2003.

As an authorized commercial offshore company, Two-Two-Free shall comply with all the regulations and conditions stated under the Law of Offshore Business, including that Two-Two-Free is not allowed to conduct any trade or business activities with residents of Macau or carry through any transactions in Patacas except such transactions which are

necessary for the constitution or operation of the commercial offshore company. The Law of Offshore Business further regulates that Two-Two-Free shall adopt and prepare its financial statements in accordance with the generally accepted accounting principles of Macau and must be operated at a single location.

Furthermore, the Law of Offshore Business specially prohibits Two-Two-Free to proceed with any operations and activities reserved to the credit institutions, financial companies, financial agencies and insurers by laws of Macau or provide any services to any parties besides its subsidiary institution or branch office. Two-Two-Free shall submit the annual accounting and audit reports with the related audited financial statements to the IPIM every accounting period. Otherwise, the authorization of offshore services will be revoked; moreover, fine and cautious measures will be imposed in accordance with the Law of Offshore Business.

Taxation

As Two-Two-Free is established as an offshore company in Macau based on Law of Offshore Business. Two-Two-Free is applicable of the taxation regime stated in the Law of Offshore Business and is exempt from the Macau taxes, including profit tax with regard in the offshore business and the industrial tax.

As advised by the Macau Legal advisers, as there are no applicable Macau rules and regulations governing transaction among related companies in Macau, the business arrangement of Two-Two-Free will not be subject to any transfer pricing exposure. Since there is no dividend withholding tax chargeable under the tax regime in Macau, dividend withholding taxes are not applicable to Two-Two-Free.

Labour related matters

The legal regime in relation to labour matters in Macau is mainly based on the following legislations:

18th of October — Decree Law No. 58/93/M (approval of social security regime);

14th of August — Decree Law No. 40/95/M (approval of legal regime of reparation of damages caused by industrial accidents and occupational diseases);

22nd of May — Decree Law No. 37/89/M (approval of general regulation of working safety and hygiene of office, service and commercial establishment);

18th of February — Decree Law No. 13/91/M (determination of sanctions for the incompliance of general regulation of working safety and hygiene of office, service and commercial establishments);

27th of July — Law No. 4/98/M (Framework Law on Employment Policy and Worker's Rights);

2nd of August — Law No. 6/2004 (Law of Illegal Immigration and Expulsion);

14th of June — Administrative Regulation No. 17/2004 (Regulation on Prohibition of Illegal Work);

18th of August — Law No. 7/2008 (Labour Relation Law);

15th of October — Law No. 21/2009 (Law of Hiring non residents workers).

The legal regime of labour matters in Macau is developed based on 27th of July 1998 — Law No. 4/98/M (Framework Law on Employment Policy and Worker's Rights) which prescribes general principles and directions of labour legislations in different aspects.

In addition to the above-mentioned legislations, 18th of August — Law No. 7/2008 (Labour Relation Law) plays an important role in the labour legal regime which has become effective since 1 January 2009 and has replaced the "old labour law" — 3rd of April 1989 — Decree-Law No. 24/89/M (Labour Relations, Juridical System). It stipulates the basic requirements and conditions for all labour relations, except those which have been excluded explicitly therein. In general, such requirements and conditions stipulated cannot be waived by mutual agreement. All the working conditions of labour relations should not be worse than the basic conditions stipulated in such law.

As an employer, Two-Two-Free shall comply with the conditions required under 22nd of May — Decree Law No. 37/89/M (approval of general regulation of working safety and hygiene of office, service and commercial establishment) for its working places in order to provide a safe and clean working condition for its employees, failing which fine and cautious measures will be imposed on Two-Two-Free according to 18th of February 1991 — Decree Law No. 13/91/M (determination of sanctions for the incompliance of general regulation of working safety and hygiene of office, service and commercial establishments).

Pursuant to the statutory requirements stipulated under 18th of October — Decree Law No. 58/93/M (approval of social security regime) and 4th of August — Decree Law No. 40/95/M (approval of legal regime of reparation of damages caused by industrial accidents and occupational diseases), Two-Two-Free is obliged to participate and contribute to the mandatory social security funds and to obtain compulsory industrial accident insurance for its employees in Macau in accordance with relevant applicable legislations, failing which an administrative fine will be imposed on Two-Two-Free as legal sanction.

All employees of Two-Two-Free are required to be Macau residents, non-permanent or permanent, holders of working permits in case of foreign workers. Hiring of non-resident workers by Two-Two-Free shall comply with the 15th of October — Law No. 21/2009 (Law of Hiring non-resident workers) to obtain the working permits for foreign workers. Except for certain limited situations stated under 14th of June — Administrative Regulation No. 17/2004 (Regulation on Prohibition of Illegal Work) workers other than Macau residents or holders of working permits will be considered as illegal workers in Macau and the employers will be criminally liable under 2nd of August — Law No. 6/2004 (Law of Illegal Immigration and Expulsion) and subject to an administrative fine according to the above-mentioned administrative regulation.

The regulatory authorities in charge of labour safety, social security regime and insurance matters are the Labour Department of Macau (澳門勞工事務局), Social Security Fund of Macau (澳門社會保障基金) and Monetary Authority of Macau (澳門金融管理局), respectively.

Environmental Protections

The fundamental legislations in respect of the legal regime of safety and environmental law of Macau, which are applicable to every individual and corporate entity, are the Basic Law of Macau, the Law No. 2/91/M of 11th of March which is known as the organic environmental law of Macau (the "**Macau Environment Law**"), 14th of November — Decree Law 54/94/M regarding prevention and control of ambient noise ("**Law of Prevention and Control of Ambient Noise**") and series of international conventions in related fields applicable in Macau.

Article 119 of the Basic Law of Macau states that "The Macau Special Administrative Region shall carry out the protection of environment in accordance with law". To implement this article together with the Macau Environmental Law, Law of Prevention and Control of Ambient Noise and other applicable international conventions, certain environmental legislations in the form of law, decree law and administrative regulations have been enacted in various domains such as natural heritage protection, air, sea and sound pollutions, hygiene of environment, chemical goods, etc.

As a general rule prescribed in the Macau Environmental Law, any violation of the environmental legislations will, subject to civil liability, administrative fine or criminal punishment, depend on the type of violations and also administrative injunction may also be obtained to cease environmental infringement.

Besides, according to the Law of Prevention and Control of Ambient Noise, any work which may produce annoying noise is forbidden to be conducted during Sunday and public holiday and between 8:00 p.m. and 8:00 a.m. (next day) of weekday.

The regulatory authority in charge of environmental protection matters is the Environmental Protection Bureau of Macau (澳門環境保護局).

As advised by the Macau Legal Advisers, except as disclosed in this prospectus, Two-Two-Free has complied with the Macau laws and regulations set out in this section in all material respects.

LAWS AND REGULATIONS IN THE UNITED KINGDOM AND EUROPEAN UNION

The Group has engaged the English Legal Advisers to advise on the laws relating to antidumping, product safety, product labelling and packaging which are applicable to the importing and distributing of the Group's products in the UK. Where such laws are based on European Union laws, this has been identified.

Antidumping and other Import Duties

Antidumping

The current legislation concerning antidumping is contained in Council (EC) Regulation No. 1225/2009 which applies in the UK and the rest of Europe.

A company could be considered to be "dumping" if it is exporting a product to the EU at prices lower than the normal value of the product (the domestic prices of the product or the cost of production) on its own domestic market. The European Commission ("**the Commission**") is responsible for investigating allegations of dumping by exporting producers in non-EU companies. The Commission usually opens an investigation after receiving a complaint from the Community producers of the product concerned but can also do so on its own initiative.

Following receipt of the complaint, the Commission will publish a notice in the EU's Official Journal opening an antidumping proceeding. The maximum time limit for an investigation under these proceedings is 15 months. The detailed findings are published in the Official Journal, for example, as a regulation imposing antidumping duties or terminating the proceeding without duties being imposed.

Antidumping measures can be imposed by the Commission if their investigations have shown the following:

- there is dumping by the exporting producers in the country/countries concerned; and
- material injury has been suffered by the Community (countries comprising the EU "**Community**") industry concerned; and
- there is a causal link between the dumping and injury found; and
- the imposition of measures is not against the Community interest.

If the investigations find that the above four conditions have been met, then antidumping measures can be imposed on imports of the product concerned. The measures imposed usually take the form of an ad valorem duty (in order to bring the price of the product more in line with the prices normally paid for that product in an EU country) but could also be specific duties or price undertakings.

The duties are paid by the importers in the EU and collected by the national customs authorities of the EU countries concerned.

Following investigation by the Commission pursuant to a number of complaints, antidumping duties were imposed on plastic bags entering the EU from PRC and Thailand under Council Regulation (EC) No. 1425/2006. Duties were imposed on imports of plastic

sacks and bags containing at least 20% by weight of polyethylene and of a thickness not exceeding 100 micrometers. The Commission issued a list confirming the appropriate rate of duty to impose on each of the companies that they investigated.

In general, the companies on the list are paying around 7–8%. Huizhou Junyang is included in the list of companies and a rate of duty ("**ADD**") of 4.8% has been imposed.

Any companies that commenced exporting plastic bags to the UK since the publication of the Regulation in 2006 therefore have an antidumping duty of 28.8% imposed on import of the plastic bags into the EU. This is much higher than any of the rates imposed on any of the listed companies.

Import Duties

Pursuant to Council Regulation (EC) No. 2658/1987 and Council Regulation (EC) No. 2261/1998, a basic rate of 6.5% of import duty ("**Import Duty**") is charged on the Group's products imported into the UK plus value added tax ("**VAT**") (currently 17.5% in UK). The Import Duty is a standard rate across all EU countries. However, VAT is specific to the UK (other EU countries may have an equivalent regime). The importers are responsible for payment of the duties.

In relation to imports into UK, it is the English Legal Advisers' view that if the Group's products have been freely circulated and entered the country, then this suggests that all the duties (including Import Duty, ADD and VAT) will have been paid and received by the national revenue and customs office (which in the UK is HM Revenue and Customs).

Product safety, product labelling and packaging

Safety

In order to be classified as capable of being used to carry clinical waste in the UK, a plastic bag must meet the requirements of "The European Agreement concerning the International Carriage of Dangerous Goods by Road" ("**ADR**") which is an international convention concerning transportation of hazardous substances which the UK has signed up to.

The bags must meet the following requirements:

- They must be capable of passing a number of ISO tests e.g. they must comply with ISO 7765-1:1988 "Plastics film and sheeting — Determination of impact resistance by the free-falling dart method — Part 1: Staircase methods" and ISO 6383-2:1983 "Plastics — Film and sheeting — Determination of tear resistance. Part 2: Elmendorf method".

- Each bag must have an impact resistance of at least 165g and a tear resistance of at least 480g in both parallel and perpendicular planes with respect to the length of the bag.

- The maximum net mass of each plastic bag should be 30kg.
- The bags should be capable of being sealed and should be leak proof.

Whilst there are no requirements that are specific to clinical aprons themselves, the English Legal Advisers have advised that it is important that they be suitable for disposal as clinical waste e.g. they are capable of being incinerated.

Labelling/markings on the plastic bags

In order to comply with UN requirements, which are mandatory in the UK under the Hazardous Waste (England and Wales) Regulations 2005, bags that are used for hazardous waste and, in particular, clinical waste, should be marked as "Clinical Waste" and display certain codes. Typical markings will begin with the code 5H4/Y */S.

Bags for use in the household do not require any specific markings, although it is customary for them to carry a warning of the dangers of suffocation.

Packaging

The packaging of items entering the EU is subject to SI 2003 No. 1941 — The Packaging (Essential Requirements) Regulations 2003 (as amended by SI 2004/118) which implemented the European Directive 94/62/EC. The regulations relate to anyone who is responsible for packing or filling products into packaging or importing packed or filled packaging into the UK. Nobody may place the product on the market unless it fulfils the Essential Requirements specified under the Regulations (the "**Essential Requirements**"). In outline, the Essential Requirements are:

- Packaging volume and weight must be the minimum amount to maintain the necessary levels of safety, hygiene and acceptance for the packed product and for the consumer;
- Packaging must be manufactured so as to permit reuse or recovery in accordance with specific requirements; and
- Noxious or hazardous substances in packaging must be minimised in emissions, ash or leachate from incineration or landfill.

Labelling the packaging

The most important issue in relation to labelling is that any information on the labels must be accurate. Inaccuracy can attract criminal liability.

The duty to not mislead applies to both the writing and illustrations on the packaging. It must not be misleading about quantity or size; composition; method of manufacture; place and date of manufacture; fitness for stated purpose and endorsements by people or organisations.

LAWS AND REGULATIONS IN THE UNITED STATES OF AMERICA IN RELATION TO (I) ANTI-DUMPING AND (II) TORTS

US Anti-Dumping

The US Department of Commerce issued an antidumping order on 9 August, 2004 covering polyethylene retail carrier bags exported from the People's Republic of China, 69 Fed Reg. 48201 (9 August, 2004) (the "**2004 Antidumping Order**") which covers specific bag products including polyethylene bags with handles. Chinese entities exporting to the US will be subject to the highest outstanding dumping margin of 77.57% unless it is proven to the US Department of Commerce that the Chinese entity is separate and independent from the PRC government and that the company's prices are not set by the PRC government.

The Group currently exports its products into the US through its wholly owned subsidiary, Two-Two-Free. As of the Latest Practicable Date, Two-Two-Free was not involved in any antidumping investigation nor has it proved that it is separate and independent from the PRC government. Thus it will be subject to an antidumping cash deposit rate of 77.57% if it exports products that are covered by the 2004 Antidumping Order. However, we do not sell polyethylene bags with handles to the US, i.e. the bags that the Group is currently exporting to the US are outside the scope of products covered by the 2004 Antidumping Order. As such, we are not subject to the 2004 Antidumping Order as long as we do not export polyethylene bags with handles to the US. Furthermore, according to US anti-dumping laws, it is the US importer who would be liable for the antidumping duties, and not the PRC exporter or producer.

As a result, so long as we do not export polyethylene bags with handles to the US and since it is the importer who is liable for payment of antidumping duties, our operations are not subject to the 2004 Antidumping Order and the Group will not be liable for any antidumping duties in the United States.

Tort law

Product liability law in the United States imparts a duty on manufacturers, importers and distributors to warn about product hazards that are reasonably foreseeable. Injuries resulting from foreseeable product hazards (for example, a thin-film bag suffocating an infant) can lead to significant damages verdicts even in the absence of regulation. However, if the Group's products are sold exclusively to hospitals and clinics, the risk of litigation and an adverse verdict is reduced by the presumed expertise and knowledge of the hospitals and clinics.

GENERAL

Our Company was incorporated in the Cayman Islands on 9 June 2010, and as part of the Reorganization, became the ultimate holding company of our various operating subsidiaries. Through certain holding companies and wholly foreign owned enterprises, our Company owns 100% of our operating subsidiaries. Further details of our corporate structure and reorganization are set out under the paragraph headed "Reorganization" below.

OUR MAJOR MILESTONES

In 1985, Mr. Chum and Mrs. Chum established High Den which was principally engaged in the business of trading non-degradable plastic bags. While our founders, Mr. Chum and Mrs. Chum, have many years of experience in the hygienic disposables industry through the establishment of High Den, our Group officially began with the establishment of Huizhou Junyang, our wholly-owned subsidiary and our principal production base located in Huizhou of Guangdong Province, the PRC, in 2000. Throughout our corporate history, in addition to our being a producer of the then existing products, we have evolved to become a producer of oxo-biodegradable hygienic disposables with innovative designs, expanded our client base to the health-care sector and broadened our market coverage to the US and European countries.

As the business of our Group further expanded, Mr. Chum and Mrs. Chum noticed that the non-degradable plastic shopping bags that High Den had traded became less popular and the market for non-degradable plastic shopping bags was declining. Moreover, Mr. Chum and Mrs. Chum anticipated that the profit of our Group's business activities will be considerably higher than the profit of High Den's trading business. Under these circumstances, in order to focus on developing our Group's business including degradable plastic products, the Chum Family decided to cease the business of High Den in 2006.

For the purpose of the Global Offering, High Den was excluded from the Group as it has ceased its operation since 2006. In order to minimize the unwarranted confusion over any perceived or potential conflict of interest and/or issues surrounding competing or excluded business, High Den was disposed of in 2010 when Ms. Shirley Chum and Mr. Desmond Chum on 26 May 2010 sold the entire issued share capital of High Den to two Independent Third Parties, whom came to be acquainted with Mr. Chum through personal dealings, at an aggregate consideration of HK$5,967,233.50. The consideration was determined on the basis of the net asset value of High Den as indicated in the management accounts of High Den as at 31 March 2010.

Set out below is a summary of our major milestones and achievements throughout our corporate history:

October 2000	Establishment of Huizhou Junyang
April 2002	Our production base in Huizhou commenced business
April 2003	Mr. Chum successfully obtained patent in the PRC on the manufacture method for "easy-to-wear" disposable film gloves
October 2003	Mr. Chum successfully obtained patent in the PRC which is used in our innovative "easy-pick" design for disposable film bags
February 2004	Established Two-Two-Free as the corporate headquarters and principal trading company of our Group
April 2004	Mr. Chum successfully obtained patent in the US which is used in our "easy-open" disposable film bags
May 2004	Mr. Chum successfully obtained patent in the PRC which is used in our production technology in the manufacture of our "easy-pick" film bags
January 2005	Huizhou Junyang was accredited with ISO: 9001 : 2000 for its plastic bags production
April 2005	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)
March 2006	Mr. Chum successfully obtained patent in the PRC which is used in our production technology (subsequently complemented by two additional PRC patents obtained in 2008) in enhancing plastication quality and quantity of the injection molding machine especially for processing plastic products with various additives

June 2006	Successfully established business relationship with 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 our five largest customers during the Track Record Period, paving our way into the European clinical hygienic disposables product market
November 2006	Successfully established business relationship with Stenqvist AS, a packaging producer in Europe and one of our five largest customers during the Track Record Period, further strengthening our market share in the European packaging product market
March 2007	Mr. Chum successfully obtained patent in the PRC which is used in our custom-designed "Automatic Continuous Band Sealer of Plastic Bags" (塑質膜袋連續封口製袋機)
February 2008	Mr. Chum successfully obtained patent in EU on our "easy-pick" disposable film bags
August 2008	Successfully established trading relationship with one of the largest supermarket chains in the UK which later became one of our 10 largest customers for each of the two financial years ended 31 March 2010, signifying our direct reach to the mass retail market in the UK
February 2010	Mr. Desmond Chum commenced the process of applying for the patent in the US which is used in our production of the "K-seal" garbage bags targeted for clinical use
September 2010	Establishment of Chum Baokang Medical, intended to be our principal entity of sales of medical disposables targeting clinics and hospitals in Beijing, the PRC

OUR CORPORATE HISTORY

Huizhou Junyang

Located in Huizhou of Guangdong Province, the PRC, Huizhou Junyang has been our principal production arm. It was established on 24 October 2000 as a wholly foreign owned enterprise in the PRC with a registered capital of US$5,000,000 and an approved business scope of "manufacture of plastic bags, environmentally friendly meal boxes, plastic additives and plastics production equipment and machineries, for export sales exclusively", which was subsequently amended on 3 March 2006 to include domestic sales, and on 2 June 2010 to include the manufacture of medical plastic products (except products which require certificates and licenses) and packaging plastic products. However, Huizhou Junyang has commenced the production of relevant products prior to such amendment. According to relevant PRC laws and regulations, if a company fails to carry out amendment registration when a registered item of the company has been changed, it shall be ordered to register within a prescribed time limit, and where the company has not carried out registration after expiration of such time limit, a fine of not less than RMB 10,000 but not more than RMB 100,000 shall be imposed. As Huizhou Junyang's direct supervisory authority in charge of commerce, the Foreign Trade and Economic Cooperation Bureau of Huicheng District, Huizhou City* (惠州市惠城區對外經濟貿易合作局) issued a confirmation letter on 11 June 2010 to confirm that Huizhou Junyang will not be penalized for the aforementioned non-compliance. As Huizhou Junyang's direct supervisory authority in charge of industry and commerce, Huizhou City Administration for Industry and Commerce (惠州市工商行政管理局*) issued a similar confirmation letter on 11 June 2010 in this regard. As advised by the PRC Legal Advisers, both the Foreign Trade and Economic Cooperation Bureau of Huicheng District, Huizhou City and Huizhou City Administration for Industry and Commerce are the competent authorities to issue such confirmation letters and based on such confirmation letters, the possibility that Huizhou Junyang would be penalized by the Foreign Trade and Economic Cooperation Bureau of Huicheng District, Huizhou City and Huizhou City Administration for Industry and Commerce for its abovementioned non-compliance is low.

Since its establishment, Huizhou Junyang has been owned as to 50% by Tary and 50% by Ramber, both of which are wholly-owned subsidiaries of our Company.

Based on three capital verification reports dated 2 July 2001, 30 April 2002 and 12 September 2002 issued by PRC certified public accounting firms, up to 12 September 2002, Tary made capital contribution totalling US$2,500,000 to Huizhou Junyang (comprising cash of US$1,696,497.50 and fixed assets of US$803,502.50), and Ramber made capital contribution totalling US$2,534,539.99 to Huizhou Junyang (comprising cash of US$566,911.89 and fixed assets and tangible goods of US$1,967,628.10), of which US$2,500,000 was credited as registered capital and the remaining US$34,539.99 was credited as capital reserve. Accordingly, the registered capital of Huizhou Junyang has been fully paid. According to the Rules for the Implementation of the Law of the People's Republic of China on Foreign-invested Enterprises* (《中華人民共和國外資企業法實施細則》) and relevant regulations, the registered capital of foreign-invested enterprise can be contributed by instalment. The first instalment shall be no less than 15% of the total

amount of the registered capital of such company and shall be contributed within 90 days since the issuance of its business licence. In addition, pursuant to the article of incorporation of Huizhou Junyang and the approval issued by the relevant government authority, the registered capital of Huizhou Junyang shall be contributed in full within one year from the issuance of its business licence. However, Tary and Ramber did not make the relevant capital contribution within the time limit required by relevant PRC regulations and governmental authority. In this respect, (i) the Foreign Trade and Economic Cooperation Bureau of Huicheng District, and (ii) Huizhou City and Huizhou City Administration for Industry and Commerce being two relevant competent authorities have issued the confirmations respectively confirming that no penalties will be levied on us for our delay in making such contribution.

Tary

Tary, the 50% equity owner of Huizhou Junyang, was incorporated in Hong Kong on 14 March 1986 as a limited liability company with an authorized share capital of HK$1,000,000 divided into 1,000,000 shares of HK$1.00 each, all of which have been issued. It was initially held as to 50% by High Den and 50% by an Independent Third Party. Although the shareholdings of Tary went through a number of changes subsequent to its incorporation, it has been beneficially wholly owned by members of the Chum Family (either directly or indirectly) since July 1995. The following sets out the shareholding changes in Tary since its incorporation:

- on 26 July 1995, the Independent Third Party shareholder of Tary transferred 500,000 shares in Tary, representing 50% of its entire issued share capital, as to one share to Mr. Chum and 499,999 shares to High Den at an aggregate consideration of HK$500,000.60;

- on 11 August 1998, High Den transferred 400,000 shares in Tary, representing 40% of its entire share capital to Ramber at par for a consideration of HK$400,000.00. Further, on 25 January 2000, High Den transferred its remaining 599,999 shares in Tary, representing approximately 60% of its entire share capital, as to 199,999 shares, representing approximately 20% of its entire share capital to Mr. Chum, as to 200,000 shares, representing 20% of its entire share capital to Mrs. Chum and as to 200,000 shares, representing 20% of its entire share capital to Mr. Desmond Chum at par for an aggregate consideration of HK$599,999.00;

- on 28 December 2006, Mr. Chum and Mrs. Chum transferred all their respective shareholdings in Tary to Mr. Desmond Chum, and Ramber transferred all its shareholdings in Tary to Ms. Shirley Shum, at par for an aggregate consideration of HK$800,000.00. Subsequently on 24 November 2009, the entire issued share capital of Tary were transferred back from Mr. Desmond Chum and Ms. Shirley Chum as to 600,000 shares, representing 60% of its entire issued share capital to Mr. Chum and 400,000 shares, representing 40% of its entire issued share capital to Mrs. Chum at par for an aggregate consideration of HK$1,000,000.00.

Since Huizhou Junyang commenced its business in April 2002, Tary had been acting as its principal trading arm responsible for purchases of raw materials from and sales of finished goods to overseas markets for Huizhou Junyang. Tary started transferring its trading business to Two-Two-Free following Two-Two-Free's establishment in February 2004. Since then, Two-Two-Free has become the primary trading company of Huizhou Junyang for its sales of finished goods to and purchases of raw materials from overseas markets, while Tary had retained a certain portion of its trading business to facilitate the operation of Huizhou Junyang. Tary had completely ceased its business operations since 2009 and remained as the holding company of Huizhou Junyang holding 50% equity interests in Huizhou Junyang.

Ramber

Ramber, the other 50% equity owner of Huizhou Junyang, is a company with limited liability incorporated in Hong Kong on 16 June 1989 with an authorized share capital of HK$10,000 divided into 10,000 shares of HK$1.00 each, two of which have been issued. Prior to 18 July 2005, two shares in Ramber had been registered under the names of certain relatives of the Chum Family. On 18 July 2005, these two shares were transferred back to each of Mr. Chum and Mrs. Chum at an aggregate nominal consideration of HK$2. Pursuant to the statutory declarations executed by Mr. Chum and Mrs. Chum on 12 July 2010 and each of the relatives who held share(s) of Ramber in June 2010, the shares of Ramber once held by each of such relatives were held in trust in favour of Mr. Chum and Mrs. Chum, and that Mr. Chum and Mrs. Chum funded the entire contribution made by Ramber to the registered capital of Huizhou Junyang.

Two-Two-Free

Two-Two-Free was incorporated in Macau on 5 February 2004 as a limited company with a capital of MOP$100,000 divided into two quotas with nominal value of MOP$60,000 and MOP$40,000 each. Since its incorporation and up to the Reorganization, it was owned as to 60% by Mr. Chum and 40% by Mrs. Chum.

Two-Two-Free was established with a view of better rationalizing our corporate structure in preparation of our business growth. Having considered that our Group is subject to tax relief for the Macau operations, the operating costs are considerably lower in Macau than that of the Hong Kong and our employees in Macau also possess stronger language proficiency than those in PRC and are more experienced in handling overseas customers, thus, since its establishment, Two-Two-Free has become our corporate headquarters and has gradually assumed the role as the principal trading arm of our Group.

Greenstar

Greenstar is a company incorporated in the BVI with limited liability on 12 January 2010 and is authorized to issue a maximum of 50,000 shares of US$1.00 each. Before the Reorganization, Greenstar was wholly-owned by Mr. Chum and became the intermediate holding company of our Group on 24 December 2010 pursuant to the Reorganization.

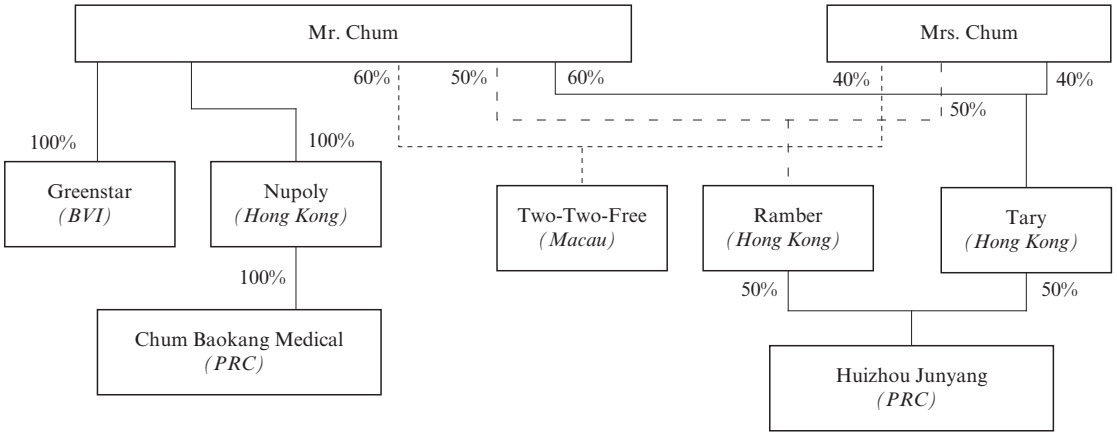
Nupoly

Nupoly was incorporated in Hong Kong on 25 March 2010 as a limited liability company with one issued share of HK$1.00 held by Mr. Chum, which was transferred to Greenstar on 14 December 2010 pursuant to the Reorganization at consideration which was settled by the allotment and issue of 10,000 shares of Greenstar, credited as fully paid, to Able Bright under the direction of Mr. Chum. Nupoly has been established principally for our planned business expansions into the medical consumables market in the PRC.

Chum Baokang Medical

Chum Baokang Medical was established in the PRC on 16 September 2010 as a wholly foreign owned entity. It has a registered capital of HK$1,200,000 and is wholly-owned by Nupoly. We intend to use Chum Baokang Medical as our principal entity to undertake the Group's sales of medical disposables targeting clinics and hospitals in Beijing, the PRC.

The shareholding structure of our Group immediately prior to the Reorganization as aforementioned is as follows:



REORGANIZATION

In preparation for the Listing, our Group underwent the Reorganization pursuant to which our Company became the ultimate holding company of other members of our Group, the details of which are set out below:

- On 9 June 2010, our Company was incorporated in the Cayman Islands as an exempted company with limited liability, having an authorized share capital of HK$390,000 divided by 39,000,000 Shares of HK$0.01 each, with one Share allotted and issued nil-paid to the initial subscriber which was then transferred to Mr. Chum.

- On 28 June 2010, The Chum's Family Trust has been set up as an irrevocable discretionary trust with Mr. Chum as the settlor, Sarasin Trust Company as the trustee and certain members of Mr. Chum's family as the beneficiaries.

- On 27 July 2010, Mr. Chum transferred 10,000 shares of Greenstar (representing its entire issued share capital) at par to Able Bright.

- On 24 September 2010, Mr. Chum and Mrs. Chum completed the transfer of two quotas with nominal value of MOP$60,000 and MOP$40,000 of Two-Two-Free, respectively (representing in aggregate the entire share capital of Two-Two-Free), to Greenstar at an aggregate consideration of MOP$100,000.

- On 14 December 2010, Mr. Chum and Mrs. Chum transferred two shares of Ramber (representing its entire shareholding interests) to Greenstar in consideration of the allotment and issue of 10,000 shares of Greenstar, credited as fully paid, to Able Bright under the direction of Mr. Chum and Mrs. Chum.

- On 14 December 2010, Mr. Chum and Mrs. Chum transferred 600,000 shares and 400,000 shares of Tary, respectively (representing in aggregate the entire issued share capital of Tary), to Greenstar in consideration of the allotment and issue of an aggregate of 10,000 shares of Greenstar, credited as fully paid, to Able Bright under the direction of Mr. Chum and Mrs. Chum.

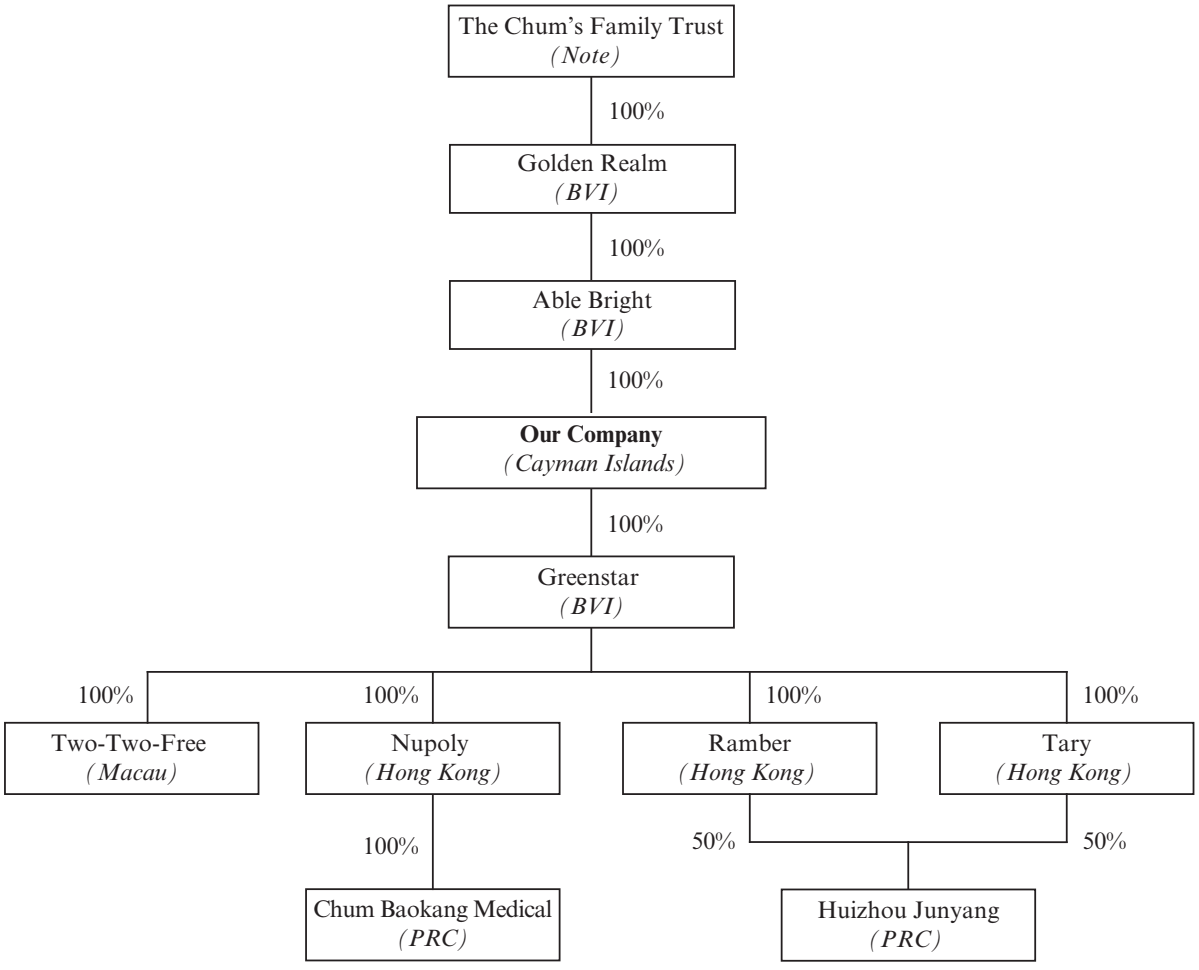
- On 14 December 2010, Mr. Chum transferred the entire issued share capital of Nupoly (which in turn holds the entire equity interest of Chum Baokang Medical) to Greenstar in consideration of the allotment and issue of 10,000 shares of Greenstar, credited as fully paid, to Able Bright under the direction of Mr. Chum.

- On 14 December 2010, Mr. Chum transferred one nil-paid Share to Able Bright.

- On 15 December 2010, the authorized share capital of our Company was increased from HK$390,000 divided into 39,000,000 Shares to HK$100,000,000 divided into 10,000,000,000 Shares by creation of additional 9,961,000,000 Shares.

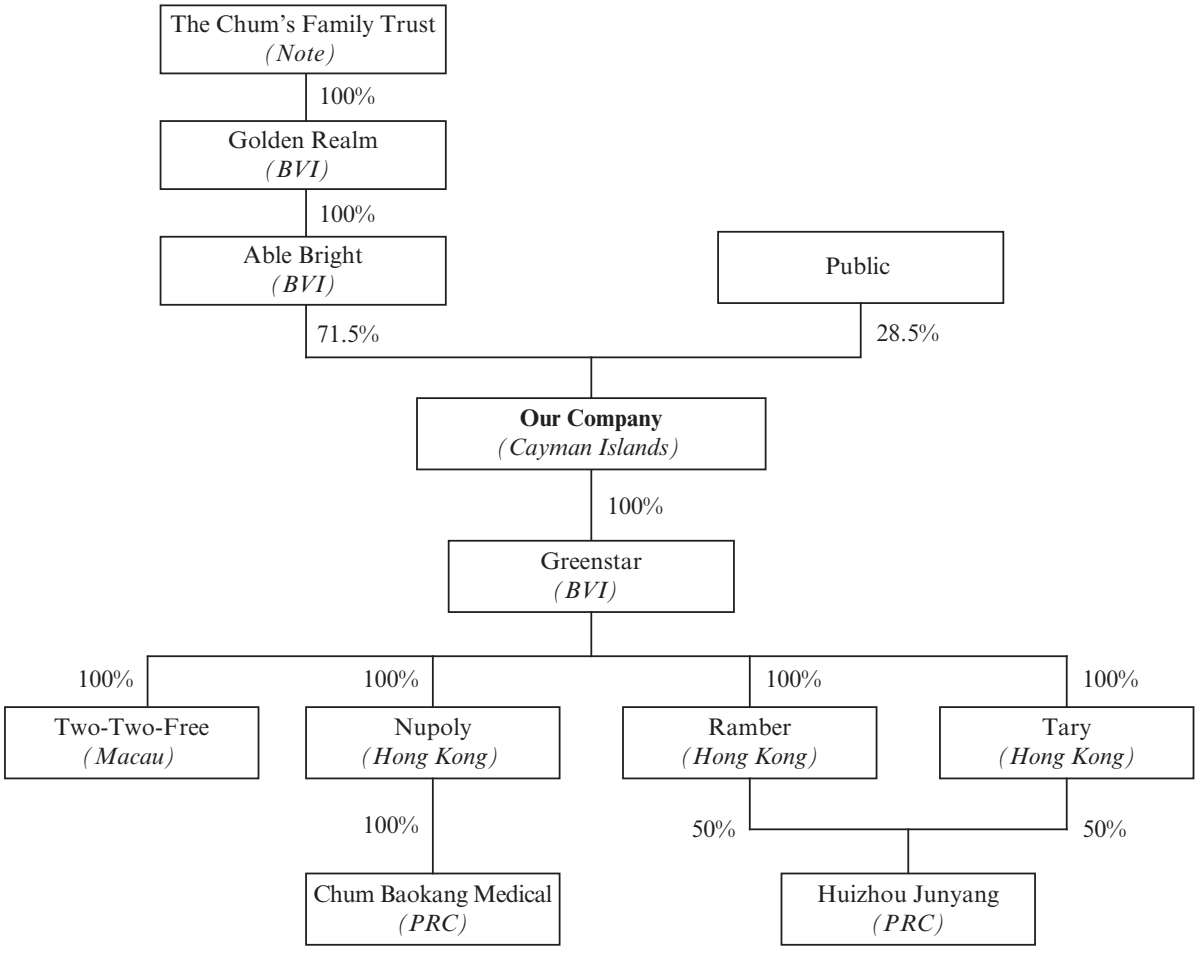
- On 24 December 2010, our Company acquired from Able Bright the entire issued share capital of Greenstar, in consideration for (i) one Share held by Able Bright credited as fully paid at par; and (ii) the allotment and issue of an additional 40,009,999 Shares, credited as fully paid, to Able Bright.

As a result of the Reorganization as aforementioned and up to the Latest Practicable Date and before the Global Offering and the Capitalization Issue, the shareholding structure of our Group is as follows:



Note: The entire issued share capital of Golden Realm is registered in the name of Bank Sarasin Nominees. Bank Sarasin Nominees acts as nominee for Sarasin Trust Company as trustee of The Chum's Family Trust.

Following completion of the Global Offering and the Capitalization Issue (and assuming that the Over-allotment Option is not exercised), the shareholding structure of our Group shall be as follows:



Note: The entire issued share capital of Golden Realm is registered in the name of Bank Sarasin Nominees. Bank Sarasin Nominees acts as nominee for Sarasin Trust Company as trustee of The Chum's Family Trust.

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						For the three months ended 30 June			
	2008		2009		2010		2009		2010	
	HK$'000	*% of turnover*	*HK$'000*	*% of turnover*	*HK$'000*	*% of turnover*	*HK$'000* (unaudited)	*% of turnover*	*HK$'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, the 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 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 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.

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 retails 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

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" below.

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, 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 ten 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.

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 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. 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 the section headed "Appendix VI — Statutory and general information" in 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 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 have many years of experience in the hygienic disposable industry. We have established a proven track record in the manufacture and sale of hygienic disposables for clinical and household 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 clinical 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.

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 involve 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.

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 servicing 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.

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)

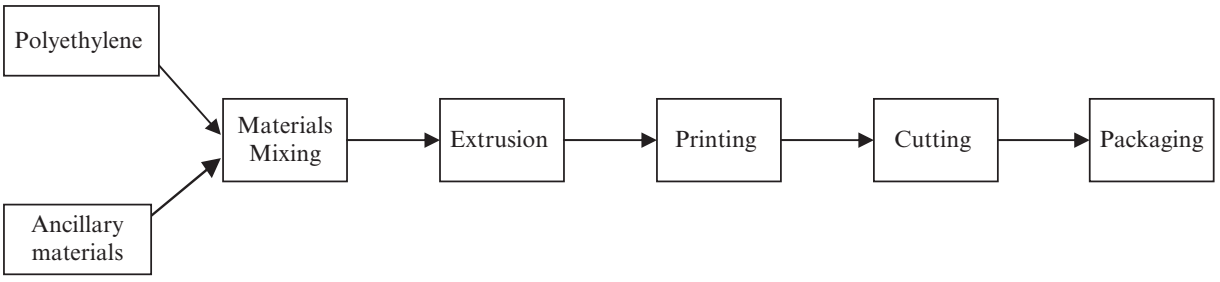
2. Future expansion plan

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

OUR PRODUCTION AND TECHNOLOGIES

Production Process

We use polyethylene as our major raw material for the manufacture of hygienic disposables and we may add other ancillary materials such as titanium dioxide (鈦白粉), calcium carbonate (碳酸鈣), polyethylene wax (聚乙烯蠟) and coupling agent (偶聯劑) to improve our products' degradability. The major steps in our production process are illustrated in the following flow chart:



Materials Mixing:

- Blending of raw materials in a predetermined formulation to form a polyethylene mixture. Raw material and ancillary materials including polyethylene, titanium dioxide (鈦白粉), calcium carbonate (碳酸鈣), polyethylene wax (聚乙烯蠟) and coupling agent (偶聯劑) will be stirred evenly in the blending machine and this polyethylene mixture will be inspected before passing to the next step of the production process

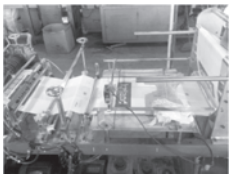
Extrusion:

- The polyethylene mixture will be heated up and melt at the temperature of around 150 °C to 200 °C. The melted polyethylene mixture will pass through a filter in the extruder to remove impurities before being cooled down, which will then be inflated in the extruder and be extruded into a thin film layer. The extrusion process can be adjusted to produce thin film layer with various degree of tensile strength and thickness in accordance with the requirements of different types of products

Printing:

- Printing on the thin film layer will be made by the gravure printers in accordance with clients' designs and requirements

Cutting:



- Cutting the printed thin film layer into the required shape for different products according to the specifications required by our customers by the cutting machine under a specific temperature

Packaging:

- The finished products will be packaged and sealed by the sealing machine

Inventory:

- The packaged finished products will then be stored in the warehouse and arranged for delivery

Key production technologies

Patented technologies, which were originally developed and patented by Mr. Chum to significantly enhance our output efficiency and enable us to produce products in a mass scale with desirable material qualities and user-friendly characteristics for end users, are applied in our production process. 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 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 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. The following sets forth some of the patents we consider crucial for the production of our products and products under pipeline:

	Patented technologies	**Applications**
1.	Mixing head device for extruding container of plastic injection molding machines* (注塑機擠壓筒的混煉頭裝置)	used together with screw extruding machine to enhance plastication quality and quantity of injection molding machine, especially for processing plastic products with various additives
2.	Automatic continuous band sealer of plastic bags* (塑質膜袋連續封口製袋機)	a machine to sealing and shearing plastic film while they are continuously transmitted
3.	Plastic bag with zip lock and the manufacture process* (塑料薄膜鎖口袋及其製造方法)	a double-layer composing plastic bag produced through the double-layer co-extrusion procedure/technique
4.	Mixing extruding container of plastic injection molding machines* (注塑機混煉擠壓筒機構)	a part of injection molding machine to improve plastication quality and quantity of injection molding machine, especially for processing plastic products with various additives
5.	Hot-melt possessing device of thermal cutting film molding machine with pushing equipment* (帶推料機的熱割薄膜成型產品熱熔加工裝置)	the hot-melt film process for single-use plastic gloves which are used widely in daily production

* *For identification purpose only*

Production facilities

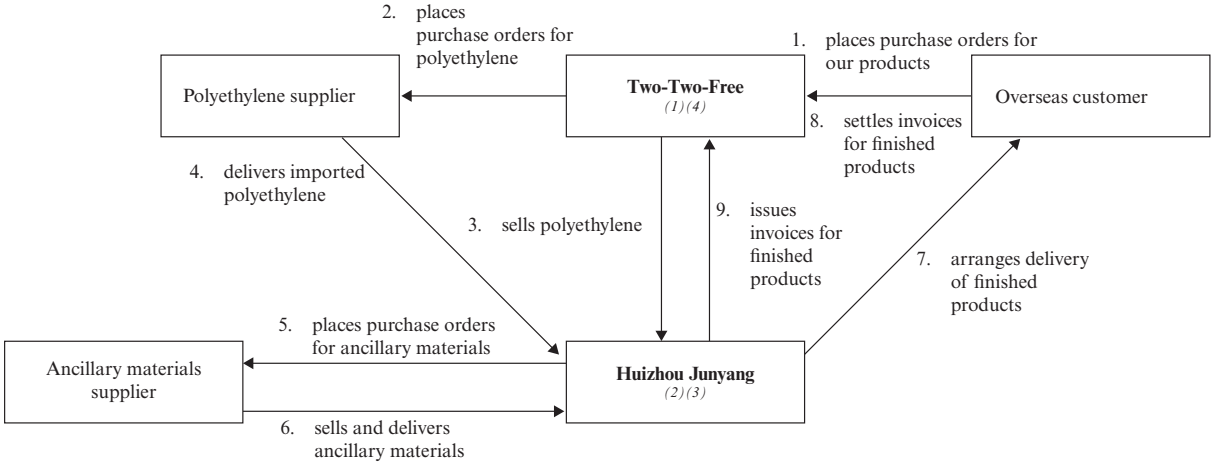
Our current production facilities are based in Huizhou of the Guangdong Province, the PRC, and the entire production complex consists of production premises, office building, dormitory building and catering building, and is located on two parcels of land with a total area of approximately 62,029 sq.m and we have a construction area of approximately 30,151 sq.m for which we have obtained buildings ownership certificates. The designed annual production capacity of our facilities is 38,600 tons of hygienic disposables, which is calculated based on the designed hourly output in the extrusion process times 24 hours a day times 353 days.

For the years ended 31 March 2008, 2009 and 2010 and the three months ended 30 June 2010, the overall utilization rate of our production facilities were approximately 59.6%, 63.1%, 60.1% and 67.8%, respectively. During the Track Record Period, our production outputs for products used in household sector were approximately 20,160 tons, 19,900 tons, 18,000 tons and 4,180 tons, respectively, and outputs for our products used in clinical sector were approximately 2,840 tons, 4,470 tons, 5,180 tons and 2,360 tons, respectively.

During the Track Record Period, we had not experienced any significant natural or other disaster or shortage of electricity involving our Group's manufacturing facility which has harmed or disrupted our Group's operations.

Our typical transaction flow

The typical transaction flow of our operation is illustrated in the diagram below:



Notes:

(1) Purchase orders for finished products from overseas customers and purchase orders for polyethylene from overseas suppliers are negotiated and concluded by Two-Two-Free.

(2) Huizhou Junyang purchases ancillary materials from domestic suppliers. Huizhou Junyang, as the production arm of the group, carries out production pursuant to the purchase orders placed by the overseas customers.

(3) Upon completion of production for purchase orders, arrangement for delivery of finished products to the locations as specified by the customers will be made by Huizhou Junyang. Huizhou Junyang will also settle the invoices with Two-Two-Free for the purchase of raw materials and sales of finished products.

(4) Two-Two-Free will source products from a third party for on-sale to a US customer.

OUR PRODUCTS

Our hygienic disposables include clinical waste bags, general waste bags, disposable film bags and aprons, which have been widely used in the household and clinical sectors.

Major products

Clinical and household disposable bags

1.

- Clinical waste bag for carrying clinical waste designed either for incineration or landfill or alternative treatment. The waste bags are tailored in various sizes with carrying weights ranging from five kilograms to 10 kilograms. The clinical waste bags are star-sealed for extra strength.

2.

- General waste bag for carrying waste is produced with a range from light to extra heavy duty, and can be generally used in household, clinical and other sectors. It provides a variety of colours and different sizes and thickness of the waste bags can also be made upon the specific request from our customers.

3.

- Disposable film bag that is commonly used in the daily household usage and retail sector such as supermarket chains. A patented "easy-pick" dispensing system is also offered which allows only one carrier bag to be dispensed at a time thereby reducing packaging waste.

4.

- Disposable film bag with our innovative, user-friendly "easy-pick" design. This product can be widely used in the household and clinical sectors.

Aprons

- Disposable aprons are designed with a high level of hygiene for clinical and other sectors.

Our hygienic disposables are sold for household and clinical uses. The Directors believe that there are no specific life cycles for the patented products and technologies. The life cycles for these patented products and technologies depend on a number of external factors such as demand and changes of preferences of our customers and the frequency of the change of any statutory or regulatory requirements applicable to our products. The following table sets out our turnover breakdown by sector, business model and product types during the Track Record Period:

	For the year ended 31 March						For the three months ended 30 June			
	2008		2009		2010		2009		2010	
	HK$'000	*% of turnover*	*HK$'000*	*% of turnover*	*HK$'000*	*% of turnover*	*HK$'000* (unaudited)	*% of turnover*	*HK$'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

During the Track Record Period, we had not experienced any product liability claim against us.

CUSTOMERS

We sell our products directly and primarily to hygienic and clinical disposable and packaging producers and/or distributors in Europe and the US, who purchase our products for onward supply mainly to customers in the medical sector, such as clinics and hospitals, as well as the retail sector such as supermarket chain operators. A significant proportion of our products are also sold directly to a supermarket chain operator located in the UK.

We believe that our ability to maintain customer loyalty is vital to our success. Some of our well-established customers include Stenqvist AS (being our largest customer for the two years ended 31 March 2009), a packaging producer in Europe. According to the information shown on the website of Stenqvist AS its group has been 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. Our major customers also 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. Additionally, we successfully established a significant presence in the US market in 2009 through trading of hygienic disposables with Spectrum Bags, Inc. which, according to the information shown on its website, was established in 1985 and is a manufacturer and importer of printed bags used in retails stores, restaurants, supermarkets, hospitals and for janitorial and industrial applications.

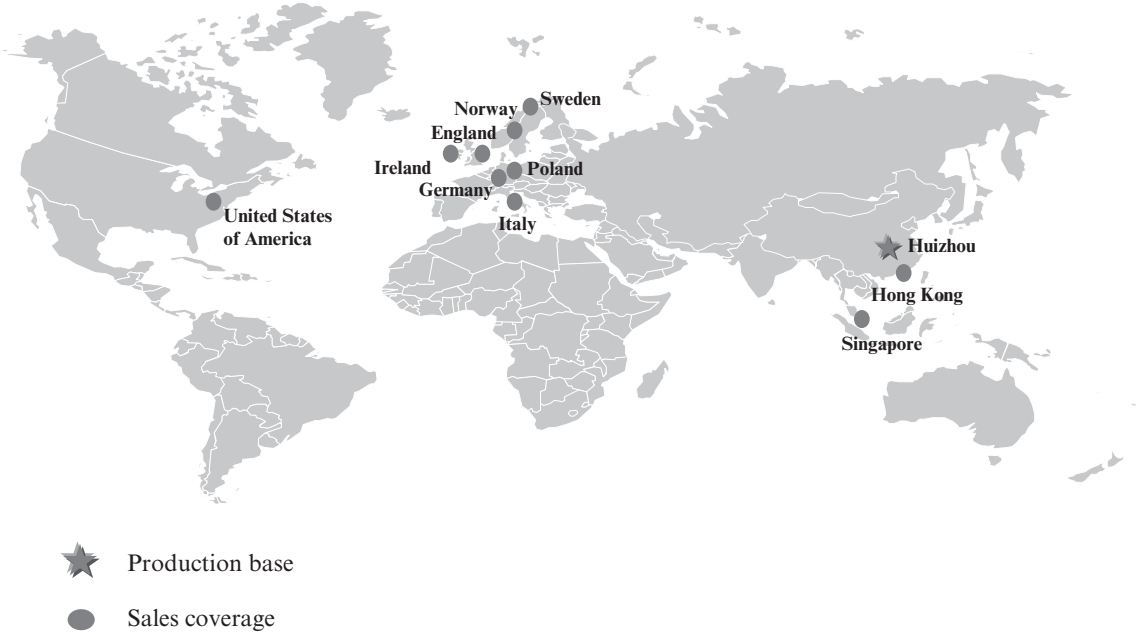
We have established a good and long-term relationship with our major customers (which, on average, has been with our Group for around three and a half years) and our business relationship with three of our five largest customers for the year ended 31 March 2010 started from 2006. Sales to our five largest customers accounted for approximately 84.6%, 76.1%, 87.1% and 92.3%, respectively, of our total turnover during the Track Record Period. Sales to our single largest customer accounted for approximately 28.1%, 28.8%, 32.6% and 45.1%, respectively, of our total turnover during the Track Record Period.

To mitigate our credit risk in light of our relatively high customer concentration, we have delegated staff responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure follow-up action is taken to recover overdue debts. Our management also performs periodic evaluations and customer visits to ensure our Group's exposure to bad debts is not significant and adequate impairment losses are made for irrecoverable amount. In addition, it is part of our future plans to develop the PRC markets for hygienic disposables and medical products which will serve to broaden our customer base and reduce our reliance on any particular key customer.

Our Directors confirm that during the Track Record Period, all of our five largest customers were Independent Third Parties and none of our Directors, executive officers, associates or shareholders (who to the knowledge of our Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers.

SALES AND MARKETING

During the Track Record Period, a vast majority of our sales were made to European and US customers. The following diagram illustrates the sales coverage of our products.



The following table sets out our turnover breakdown by geographical regions during the Track Record Period:

	Year ended 31 March						Three months ended 30 June			
	2008		2009		2010		2009		2010	
	HK$'000	*% of turnover*	*HK$'000*	*% of turnover*	*HK$'000*	*% of turnover*	*HK$'000* (unaudited)	*% of turnover*	*HK$'000*	*% of turnover*
United Kingdom	124,013	44.0	127,771	41.0	151,424	35.5	46,123	54.2	26,345	23.2
Norway	79,317	28.1	89,600	28.8	81,228	19.0	21,969	25.8	28,304	24.9
Sweden	35,348	12.5	16,878	5.4	2,296	0.5	459	0.5	338	0.3
Germany	18,010	6.4	20,934	6.7	24,766	5.8	5,862	6.9	2,936	2.6
United States of America	10,924	3.9	9,254	3.0	141,203	33.1	904	1.1	53,544	47.1
Singapore	4,448	1.6	34,486	11.1	15,400	3.6	7,058	8.3	—	—
Others	10,020	3.5	12,684	4.0	10,799	2.5	2,764	3.2	2,239	1.9
	282,080	100.00	311,607	100.00	427,116	100.00	85,139	100.0	113,706	100.0

In 2009, we successfully established a significant presence in the US market through trading of hygienic disposables with Spectrum Bags, Inc. which, 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. As a result, our percentage revenue generated from sales to the US market increased substantially from approximately 3.0% for the year ended 31 March 2009 to approximately 33.1% for the year ended 31 March 2010 and approximately 47.1% for the three months ended 30 June 2010. 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 our US customer. Going forward, as our business relationship with this US customer becomes more stable and secured, we intend to introduce more of our self-manufactured products.

The Group's sales contracts are concluded through Two-Two-Free since it assumed the role as our Group's principal trading arm. As at the Latest Practicable Date, our sales and marketing team located in Macau comprised four staff. Our sales and marketing team, which is led by our senior management, plays an important role in our business development and promotion of our products. Leveraged on the experience, knowledge and relationship network of our senior management, we have established close business relationship with our customers and secured reputable hygienic and clinical disposable and packaging producers and/or distributors as well as large-scale supermarket chain operator as our major customers.

Our sales and marketing team is responsible for promoting our Group's products to customers (and, where applicable, sales agents); maintaining customer relationships and negotiating and handling contracts and purchase orders with customers and suppliers; liaising with suppliers and clients on logistics and delivery arrangements; arranging with Huizhou Junyang in relation to customers' orders; and handling receivables and settlement of invoices from polyethylene suppliers. It is our strategy to secure and raise the demand for our products from our existing customer base through continuous introduction of new and enhanced product offerings. Our sales and marketing personnel visit our customers on a regular basis to maintain customer relationships, obtain feedbacks on the quality of our products and services, procure sales orders and keep abreast of the latest market conditions. Our production team hold regular meetings to improve our existing products and develop new products based on comments received from our customers and the latest market trend. We distribute samples of our products to our customers and obtain feedbacks from them subsequently. As part of our marketing initiatives, we also offer favourable terms to some of our customers in an effort to maintain a long-term business relationship with them.

Most of our Group's sales contracts have one-year duration to allow our Group flexibility to cope with price fluctuations and production scheduling. Our sales contracts usually set out the projected purchase quantity and contract price of our products which are subject to periodic reviews and subsequently confirmed by relevant purchase orders, thereby allowing our Group to maintain the assured quality and most competitive pricing. In addition, our Group's sales contracts in general do not provide for any specific terms on consequences for failure to meet the projected purchase quantity, nor any termination clauses. We believe that our pricing policy has generally enabled us to sell our products at a satisfactory profit margin. We set prices for our products based on a number of factors including manufacturing costs, price trend of similar products in the market and market supply and demand for our products, and this applies to both manufactured and trading products regardless of the type of products and type of the customers. The average selling price of our products were approximately HK$12,400 per ton, HK$13,400 per ton, HK$12,700 per ton and HK$13,100 per ton respectively during the Track Record Period.

We offer various sales terms to our customers which are arrived at after arm's length negotiations and with reference to a number of factors including size of order, production costs and credit-worthiness of a particular customer. Our sales are mainly settled by way of telegraphic transfers and letters of credit. We normally do not differentiate our credit policies based on the types of products and type of the customers, and the term of credit we grant to our customers are usually 30 to 60 days, apart from one of our US customers for the trading business which was granted the credit period of up to 90 days. For those customers who only have small transaction volume and/or are not eligible for a credit period, we generally request 30% of the purchase price as deposit and further request for the payment of the remaining 70% before delivery. We had not experienced any bad debt provisions and write-offs for impairment of trade and other receivables during the Track Record Period.

COMPETITION

The disposable medical consumables industry serves price-sensitive markets and is highly competitive. In general, the industry has formidable barriers to entry due to several factors, including the presence of strong competitors, the price sensitivity of end-users and regulatory compliance standards. Key factors to success include the establishment of broad or unique product lines, efficient manufacturing systems and far-reaching distribution channels.

Competition involving disposable medical consumables occurs mostly within individual product segments, rather than in the industry as a whole. Within most product segments, the top three to five competitors account for a significant share of the market. Many top competitors in the disposable medical consumables industry achieved their leading positions by initially concentrating on one or two product lines of strength and then diversifying into new areas through internal development, acquisitions and/or collaborative agreements. Nevertheless, the commodity-like nature of lower-end offerings within product categories (eg, basic exam gloves or generic garbage bags) results in a fair amount of fragmentation and enables industry participation by a broad range of suppliers. In general, the disposable medical consumables industry is more fragmented in China than it is in the US or UK due to Chinese manufacturers' greater emphasis on low-end product types.

The degradable retail plastic bag industry is relatively concentrated at the top, dominated by multinational companies. However, because the industry is still evolving, it also supports a number of small and specialized players. Successful degradable retail plastic bag manufacturers stress how the performance, quality, environmental and other advantages of their products can offset their premium prices. For example, utilizing degradable retail plastic bags may be a means to presenting a favorable corporate image and preserving customer loyalty. In addition, the ability to optimize any comparative advantage in a company's products or services represents a key factor in this nascent industry.

Competition exists between degradable and non-degradable plastic bags, as degradable plastic bags are the substitutes to non-degradable plastic bags. Degradable retail plastic bags have higher penetration in the UK and Rest of EU markets compared to the rest of the world. In the UK, demand rose more rapidly in the past few years as large retailers voluntarily adopted degradable plastic bags. Also, the demand for degradable plastic bags in the Rest of EU has been driven by bans and taxes on non-biodegradable bag. Similarly in the US, with bans, taxes and usage reduction efforts on plastic bags being implemented more frequently than regulations pertaining only to non-biodegradable plastic bags, and comparatively low environmental concerns relative to other regions of the world, degradable retail plastic bag demand is suppressed. In China, retailers and consumers are generally less willing to pay a premium for degradable retail plastic bags over traditional plastic bags, but the demand for degradable retail plastic bag has been stimulated by environmental concerns.

RAW MATERIALS

The primary raw material for the manufacturing of our hygienic disposable products is polyethylene. Other ancillary materials are also added to the polyethylene granules according to our own formulae to produce hygienic disposables with different characteristics to suit customers' needs. During the Track Record Period, our cost of raw materials were approximately HK$191.3 million, HK$217.6 million, HK$170.5 million, and HK$52.9 million respectively, which accounted for approximately 87.0%, 88.0%, 51.0% and 59.4% of our cost of sales and approximately 67.8%, 69.8%, 39.9% and 46.5% of our turnover, respectively.

During the Track Record Period, the cost of polyethylene amounted to approximately HK$147.1 million, HK$181.4 million, HK$132.1 million and HK$44.9 million, respectively, which accounted for approximately 76.9%, 83.3%, 77.5% and 84.8% of our total cost of raw materials, respectively. We import polyethylene mainly through the Hong Kong sales office of plastic resin suppliers located in UAE, US and Japan, whose businesses include trading and/or manufacturing of polyethylene. In addition to the change of market supply and demand for polyethylene, as polyethylene is a by-product of crude oil, fluctuation in the price of polyethylene to some extent is affected by the price of oil. During the Track Record Period, our average purchase price of polyethylene were approximately HK$11,100 per ton, HK$10,800 per ton, HK$9,500 per ton and HK$10,600 per ton, respectively. The decrease in the average purchase price of polyethylene from approximately HK$10,800 per ton for the financial year ended 31 March 2009 to HK$9,500 per ton for the financial year ended 31 March 2010 was mainly resulted from the substantial decline in oil prices in the second half of 2008 and the lead time required for the shipment of polyethylene.

Other ancillary materials used in our production process include titanium dioxide (鈦白粉), calcium carbonate (碳酸鈣), polyethylene wax (聚乙烯蠟) and coupling agent (偶聯劑). We normally source these materials from local suppliers in the PRC. Costs of these materials tend to be more stable than that of polyethylene which in aggregate amounted to approximately HK$44.2 million, HK$36.2 million, HK$38.4 million and HK$8.0 million and accounted for approximately 23.1%, 16.7%, 22.5% and 15.2%, respectively, of our total cost of raw materials during the Track Record Period.

We do not enter into any hedging arrangements with respect to our raw material purchases during the Track Record Period. As the purchasing prices of our raw materials generally move in line with the price of oil and, in turn, the selling prices of our products generally move in line with the purchasing prices of our raw materials, we have been able to pass on most of the increased cost of raw materials to our customers during the Track Record Period.

SUPPLIERS

We procure polyethylene granules mainly from reputable plastic resin suppliers located in UAE, US and Japan and other ancillary materials used in our production process from local suppliers in the PRC. We have generally maintained a good relationship with our major suppliers and have established business relationship with four of our top five largest suppliers for the year ended 31 March 2010 for periods ranging from three to five years.

To ensure that quality of our raw materials meet our quality standards, we have implemented procedures for selecting qualified suppliers and maintained a list of approved suppliers for our raw materials. We select suppliers based on the quality and pricing of raw materials they supply, reliability and timeliness of their supplies, after-sale services they provide as well as their reputation in the market. Our Group does not enter into any purchase contracts with the suppliers. We usually place purchase orders with our suppliers for purchase of raw materials which normally set out the quantity, unit price, product description, delivery terms and payment terms (ranging from 30 days to 60 days on average or advanced payment before delivery), and have no terms in relation to termination. According to our internal policy, before we place our order with new suppliers or source new types of products from our existing suppliers, we will obtain samples from them for inspection to ensure that the raw materials meet our quality standards and requirements.

During the Track Record Period, purchases from our five largest suppliers amounted to approximately HK$147.1 million, HK$121.0 million, HK$215.6 million and HK$56.5 million, respectively, which accounted for approximately 66.9%, 48.9%, 64.5% and 63.5% of our total cost of sales, respectively. Purchases from our largest supplier amounted to approximately HK$58.3 million, HK$41.4 million, HK$123.4 million and HK$32.1 million, respectively, which accounted for approximately 26.5%, 16.7%, 36.9% and 36.1% of our total cost of sales, respectively, during the Track Record Period. Our Directors confirm that during the Track Record Period all of our five largest suppliers were Independent Third Parties and none of our Directors, executive officers, associates or shareholders (who to the knowledge of our Directors owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers.

All of our five major suppliers, for the year ended 31 March 2009 were raw materials suppliers. Due to the commencement of our trading business with a new US customer in 2009, our largest supplier for the year ended 31 March 2010 and the three months ended 30 June 2010 (which has been one of our raw materials suppliers) also supplied us with hygienic disposables which we purchased for on-sale to our US customer. 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 our customer for the trading business. Such purchases contributed to the substantial increase in our total purchases from our suppliers for the year ended 31 March 2010.

Other than the supplier of our back-to-back trading transactions, generally we are granted an average credit period ranging from 30 to 60 days from our suppliers.

During the Track Record Period, we did not encounter any substantial difficulties in sourcing our raw materials. As polyethylene, being the principal material used in our production process, is available from multiple suppliers in the market, we do not anticipate that we would experience any material disruptions or difficulties if we were unable to make purchases from any of our major suppliers.

INVENTORY MANAGEMENT

We monitor and control the inventory levels of our raw materials and finished products to optimize our operations. As the majority of our products are "made-to-order" based on the product specifications provided by and the requirements of our customers, we usually base production of our finished products on the sales orders our customers place with us and in general, we do not maintain a steady inventory level of our finished products, which in turn has allowed us to maintain our inventory of finished products at low levels.

Our inventory of raw materials primarily comprises of polyethylene and a small proportion of other ancillary materials. Due to the lead time for the purchase of polyethylene from the overseas suppliers, we generally keep an inventory level of one to two months of supply of polyethylene to ensure that we are able to meet demands of our customers.

TRANSPORTATION

We sell our products mostly to the European and the US markets with a small proportion to the South East Asia region. We principally deliver our finished products to our customers on FOB basis. We are responsible for the road transportation of our products from our production facility in Huizhou to the ports in the PRC. For the purchase of raw materials, the raw materials are delivered by our suppliers to us on CIF basis, whereby we are responsible for the road transportation of the raw materials from the ports in the PRC to our production facility.

We outsource the transportation services to a third party logistics company in the PRC. For the three years ended 31 March 2010 and the three months ended 30 June 2010, we incurred transportation expenses of approximately HK$6.6 million, HK$7.0 million, HK$5.5 million and HK$1.6 million, respectively.

RESEARCH AND DEVELOPMENT

The ability to continuously develop products with innovative designs and the corresponding production technologies to mass produce them is important to maintain our competitiveness. We have a research and development team responsible for improving the efficiencies of our production equipment and manufacturing process, researching new product designs and improving our existing products.

As at the Latest Practicable Date, our research and development team consisted of three researchers led by Mr. Chum. Mr. Chum has many years of experience in the hygienic disposables industry and was the registered owner of 18 patents which are in force on production technologies and product designs, before assigning them all to us pursuant to

the Patent Assignments. The three staff in the research and development department, among other things, assist Mr. Chum in carrying out tests and recording works for the development of those patents. Mr. Chum has been 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). Our production team holds regular meetings to improve our existing products and develop new products based on comments received from our customers and the latest market trend and keeps abreast of the latest developments in production technology. 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.

Since we realise the importance of research and development in maintaining its competitive advances, it is part of our plan to strengthen its research and capability by hiring more professionals and/or researchers for the study and research on technological improvement for the hygienic disposables.

To date, we have successfully designed new categories of hygienic disposable products such as hygienic gloves. The hygienic gloves adopt an "easy-wear" design to facilitate the medical and clinical staff to wear it easily and conveniently. We plan to commence commercial production of hygienic gloves utilising our existing production capacity in Huizhou plant with the addition of new machineries earmarked for the manufacture of hygienic gloves.

QUALITY AND SAFETY CONTROL

We believe that delivery of hygienic disposables with reliable quality is critical to our success. Accordingly, we focus on achieving high quality standards by implementing quality assurance procedures throughout our production process, from the purchase of raw materials to the delivery of finished products. Due to our stringent quality assurance standard, we did not encounter any product return from the customers during the Track Record Period.

As at the Latest Practicable Date, our quality assurance team comprised 17 staff. Our quality assurance team is responsible for closely monitoring on the procurement of raw materials, the operation of production process, regular inspection on equipment and machinery, examination of finished products. On 17 January 2005, Huizhou Junyang obtained ISO9001:2008 and GB/T19001-2008 certification issued by China Quality Certification Centre* (中國質量認證中心) for our ability to comply with applicable requirements relating to quality control.

Our quality control system incorporates the following principal features:

- *Procurement of raw materials:* We maintain a qualified suppliers list on which suppliers are assessed regularly in respect of their ability to provide satisfactory quality of raw materials. Upon receiving the raw materials from our suppliers, our inventory management personnel would according to the supplier's invoice conduct quality check on the raw materials' product specifications, quantity, weight and packaging to ensure that they are consistent with our Company's purchase orders. They are then arranged to be put into storage. Sample tests on other ancillary raw materials are carried out before they are put into storage.

- *Production:* We have continuously monitored the key indicators of the production process. Comprehensive tests and examinations on the quality of the finished products are conducted with a view to ensuring that customers' specifications are adhered to.

- *Inventory storage:* We have established procedures to ensure a good inventory management that is able to keep abreast of the latest production planning and minimize derogation of the quality of raw materials and finished products during storage and transportation.

- *Machinery and equipment management:* We installed monitoring and measuring devices to carry out quality assurance work. We also conduct regular inspections and maintenance of our machinery and equipment to enhance reliability and product quality.

INTELLECTUAL PROPERTIES

We use a number of patents in connection with our business. For details, 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 the section headed "Appendix VI — Statutory and general information" in this prospectus.

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 in different production technologies and 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 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 royalty-free basis.

Details of our products, and the production method and operating conditions we employed form part of our technical knowhow. In order to protect the confidentiality of our research and development achievements, we require our senior staff to abide by the confidentiality clauses in their employment contracts with us. Some of our senior staff are subject to a three-year non-competition period after the termination of their employment contract with us. In addition, there is strict segregation of duties among our staff involved at the different stages of our production process to minimize the risk of any staff acquiring the technical knowhow of the entire production process of any of our products. During the Track Record Period, there was no breach of confidentiality and non-competition clauses by our senior staff.

ENVIRONMENTAL PROTECTION

We consider the implementation of environmentally responsible practices and the maintenance of high environment standards to be valuable assets and among our competitive strengths. Our production facility is materially in compliance with applicable environmental regulations and standards in the PRC.

In addition, we place strong emphasis on maintaining a high environmental protection standard. We have a recycle system in place to re-collect our waste residual materials during each of the production processes and recycle the waste residual materials to form plastic granules. The reproduced plastic granules can be reused as raw materials for our production. As the production processes undertaken by us mainly involve physical reactions among the raw materials, the Directors believe that the volume of pollutants produced by our operation is therefore negligible and that the above measures will be sufficient to reduce the impact of the Company's operation on the environment.

As advised by our PRC Legal Advisers, Environmental Protection Bureau of Huizhou City* (惠州市環境保護局) has issued a confirmation on 18 May 2010 and confirmed that we had been in compliance with the relevant material PRC environmental protection laws and regulations since 1 January 2007. We have obtained the relevant pollutants discharge permit as required by applicable environmental regulations in the PRC.

As at the Latest Practicable Date, we have not been subject to any material fines or legal action involving non-compliance with any relevant environmental regulations, nor are we aware of any threatened or pending action by any environmental regulatory authority in any of the jurisdictions where we operate.

We do not expect to incur any further significant capital expenditures in complying with the prevailing regulations and standards and hence our Directors are of the view that the existing regulations and standards would not cause material burden to our Company. Notwithstanding the aforesaid, in the event that changes to the existing regulations and standards require us to incur additional costs or require costly changes to our production process, our production costs could increase which may materially and adversely affect our business. Please refer to the paragraph headed "Failure to comply with environmental regulations may materially and adversely affect our business, financial condition and results of operations" under the section headed "Risk Factors" in this prospectus for further details.

PROPERTY

PRC

Our production base in Huizhou of Guangdong Province, the PRC, is located on two parcels of land with a total area of approximately 62,029 sq.m, of which we own the land use rights certificates and are entitled to use for the terms of approximately 50 years.

As at the Latest Practicable Date, we occupied a total of 11 buildings or units in the PRC with a total construction area of approximately 44,544 sq.m, all of which are situated on the two parcels of land we owned. We have obtained buildings ownership certificates for eight of the 11 buildings or units with a total construction area of approximately 30,151 sq.m, of which approximately 78.6% are used as our primary business premises, including as manufacturing facilities and offices, while the remaining approximately 21.4% are used mainly for staff quarters and canteen. The remaining three buildings or units are temporary structures ("**Temporary Structures**"), with a total construction area of approximately 14,393 sq.m, two of which having a total construction area of approximately 12,253 sq.m are used as our manufacturing facilities and the remaining one with a construction area of approximately 2,140 sq.m is used as our warehouse. At the time of construction of the Temporary Structures, our Group contemplated that such Temporary Structures were constructed on temporary basis, and therefore they were constructed as single storey with zinc roof, as opposed to the Group's other permanent structures which were made of cement and of multi-storeys. Huizhou Junyang did not apply for real estate title certificates for these Temporary Structures principally for reasons that these structures were intended to be used as temporary back-up spaces from time to time and it is not required to apply for any real estate title certificate for temporary structures according to the relevant PRC laws and regulation, as advised by the PRC Legal Advisers.

We have obtained from the Huihuanjiedao Office of Huicheng District of Huizhou City* (惠州市惠城區惠環街道辦事處) two approvals, namely "Approval for the Construction of Temporary Structure (Huihuan Linjian No. (2009) 003)" * (《關於臨時報建的批復》(惠環臨建(2009) 003號)) and "Approval for the Construction of Temporary Structure (Huihuan Linjian No. (2010) 003)" * (《關於臨時報建的批復》(惠環臨建(2010) 003號)) on 12 August 2009 and 28 May 2010 respectively, each with a term of two years starting from the date of the respective approvals, pursuant to which we are approved to have the Temporary Structures erected in the Shitanpai Area, Huihuan Xikeng of Huizhou City (惠州市惠環西坑石潭排地段) with a total construction area of approximately 2,140.8 sq.m and approximately 12,253 sq.m respectively. According to such approvals and relevant laws, we shall demolish the said Temporary Structures within their respective approved terms or unconditionally whenever urban planning demands.

We have further obtained a confirmation (the "**Confirmation**") on 24 June 2010 issued by the Urban Management Administrative Law Enforcement Bureau of Huizhou City* (惠州市城市管理行政執法局), the relevant administrative enforcement department in the subject matter, which confirmed that we would not be requested to demolish the Temporary Structures before 28 May 2012. Our PRC Legal Advisers have advised that the Huihuanjiedao Office of Huicheng District of Huizhou City* (惠州市惠城區惠環街道辦事

處) and the Urban Management Administrative Law Enforcement Bureau of Huizhou City* (惠州市城市管理行政執法局) have the power to issue the relevant approvals and Confirmation, and based on such approvals and Confirmation, the likelihood for us to be requested by such administrative enforcement department to demolish the Temporary Structures before 28 May 2012 is relatively low. It is our intention to relocate all operation activities, machineries, inventories and any other items in the Temporary Structures to two warehouse buildings within the premises of Huizhou Junyang, which are both granted with building ownership certificates. Subject to minor re-arrangements, the Directors believe that the two warehouse buildings will have sufficient free space to house all machineries, inventories and other items currently in the Temporary Structures. It is expected that the costs involved in the said relocation will not exceed RMB500,000 and it will be completed as soon as possible, in any event before 28 May 2012. The Directors are of the view that the said relocation will not result in any material adverse impact on our business and operations.

The relevant carrying cost was approximately HK$4,637,000, HK$10,431,000, HK$10,598,000 and HK$10,491,000 respectively as at 31 March 2008, 2009 and 2010 and 30 June 2010. The Directors estimate that the depreciation charges over the Temporary Structures for the three years ending 31 March 2011, 2012 and 2013 will be approximately HK$4.1 million, HK$5.5 million and HK$0.9 million respectively.

For details of our properties, please refer to the section headed "Appendix IV — Property Valuation" in this prospectus.

Macau

Two-Two-Free is the legal and registered owner of Flat L on 12/F, which is situated at the building named "Centro Financeiro", in horizontal property system, with no. 202-A — 246 of Rua de Pequim and no. 619-A — 627 of Alameda Dr. Carlos D'Assumpção, Macau as described in the Macau Immovables Registry under no. 22058, with an area of approximately 69.40 sq.m, for office use. Our Macau Legal Advisers are of the view that Two-Two-Free has good and marketable title to own, use and dispose of the said property pursuant to its rights under the Land Lease Concession granted by the Macau government.

The said property is free from and clear of all claims, charges, liens, encumbrances and any other third party rights of whatsoever nature and so far as our Macau Legal Advisers are aware of, there is no other matter, event or circumstance (whether legal or otherwise) which may adversely affect Two-Two-Free's title to the said unit, except the said unit is registered and permitted to be used only for the offshore activities of Two-Two-Free.

INSURANCE COVERAGE

We maintain a range of insurance policies for our ongoing operations including property insurance on plants, machinery and vehicles, employer's liability insurance and personal injury insurance. We also maintain social security insurance for our employees in the PRC as required by PRC social security regulations, such as pension insurance, unemployment insurance, work injury insurance and medical insurance. Under PRC laws and regulations, we are not compulsorily required to maintain any other insurance in relation to our business operations, such as product liability insurance against claims or

liabilities that may arise from products that we have sold. We believe that our insurance coverage is in line with industry practice in the PRC. We did not experience any material industrial accidents during the Track Record Period.

LICENCES AND REGULATORY APPROVALS

PRC regulations relating to exporting business

According to the Administrative Provisions of the Customs for the Registration of Customs Declaration Units* (《中華人民共和國海關對報關單位註冊登記管理規定》), which was promulgated on 31 March 2005 and effective from 1 June 2005, enterprise engaging in import and export goods as consignee and consignor in the PRC is required to register with and obtain certificate from the relevant authority. In these regards, we have obtained the Registration Certificate for the Consignee or Consignor of Import or Export Goods* (《中華人民共和國海關進出口貨物收發貨人報關註冊登記證書》) issued by the PRC Huizhou Customs* (中華人民共和國惠州海關) with an effective period starting from 13 November 2001 and ending on 13 November 2013. According to relevant PRC laws and regulations, the enterprise engaging in import and export goods as consignee and consignor shall renew such certificate with relevant customs 30 days ahead of the expiry date. Huizhou Junyang is in the process of renewing such certificate with the authority. In addition, our PRC Legal Advisers has advised that based on the confirmation issued by the PRC Huizhou Customs on 17 June 2010, Huizhou Junyang, our principal operating subsidiary, has been in compliance with relevant material PRC regulations relating to import and export of goods including the registration, declaration and export verification since its establishment.

PRC regulations relating to printing business

According to the Administration Regulation on the Printing Industry* (《印刷業管理條例》) implemented on 2 August 2001, enterprise engaging in the printing of packaging and decoration products in the PRC is required to obtain license from the relevant authority. In this regard, we have obtained the Printing Business Licence* (《印刷經營許可證》) issued by Guangdong Province Press and Publication Bureau (廣東省新聞出版局) on 1 January 2010, with an effective period ending on 31 December 2013.

PRC regulations relating to manufacturing of medical devices/appliances business

According to the Administrative Provisions on Administration and Supervision of Medical Device* (《醫療器械監督管理條例》) promulgated and implemented by the State Council of PRC on 1 April 2000 and other relevant regulations, medical devices are divided into three categories: Category I, Category II and Category III. Manufacturing such categorized medical devices shall be approved and registered with relevant drug administrative authorities of different levels and obtain the Medical Device Registration Certificate* (《醫療器械註冊證書》) from the same. Manufacturing of Category I medical devices shall be approved by city level drug administrative authorities; manufacturing of Category II medical devices shall be approved by provincial drug administrative authorities; whereas manufacturing of Category III medical devices shall be approved by the drug administrative department of the State Council. Category II medical devices and Category III medical devices shall also pass the clinical verification. In addition, the

establishment of enterprises manufacturing Category I medical devices shall be recorded at the provincial drug administrative authorities, while the establishment of enterprises manufacturing Category II medical devices and Category III medical devices shall be approved by provincial drug administrative authorities and obtain the Licence for Medical Device Manufacturer* (《醫療器械生產企業許可證》) from the same. The Medical Device Registration Certificate and the Licence for Medical Device Manufacturer shall be valid for 4 and 5 years, respectively.

According to the Administrative Regulations on Random Sampling for Medical Device Quality Supervision of PRC for Trial Implementation* (《國家醫療器械品質監督抽驗管理規定(試行)》), the State Food and Drug Administration and relevant local food and drug administrative authorities in China shall conduct inspections on medical devices on a random basis. The products selected are required to comply with the relevant PRC laws, regulations and national standards then in force. The result will be released to the public.

As advised by the PRC Legal Advisers, pursuant to the confirmation letter issued by the Huizhou Food and Drug Administration Bureau* (惠州市食品藥品監督管理局), the relevant plastic products manufactured by Huizhou Junyang do not belong to the Medical Devices Classification Index* (《醫療器械產品目錄》) and Huizhou Junyang is not required to obtain relevant Medical Device Registration Certificate* (《醫療器械註冊證書》) or other approvals from relevant drug administrative authorities for the manufacture and sale of such products.

As we intend to construct a new production facility in the PRC for the manufacture and sale of medical products which are classified as Category I medical devices and sell Category II medical devices, we will be required to apply for the requisite licenses and certificates from relevant drug administrative authorities and obtain such requisite licenses and certificates prior to the commencement of any business in relation to the sale or manufacture of such medical devices in the PRC.

PRC Regulatory Approval for the Listing

As all the beneficial owners of the Company are not PRC individuals and the Company is not a special purpose company (特殊目的公司) under the Provisions Regarding Mergers and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) * (the "**M&A Rules**"), the PRC legal advisers to the Company advised that the Listing of the Company is not subject to M&A Rules and no approval from CSRC, MOFCOM and other PRC governmental authority should be obtained for the purpose of the Company's Listing.

TRANSFER PRICING ARRANGEMENT

During the Track Record Period, the Group primarily conducted its sales activities through Two-Two-Free, the Group's principal trading arm. When Two-Two-Free receives purchase orders from its customers, it will channel the relevant purchase orders to Huizhou Junyang, our manufacturing arm in the PRC (or, in the particular case of our US trading

customer, to the designated supplier). All finished products manufactured by Huizhou Junyang (or, as the case may be, the designated supplier in respect of our US trading customer) are shipped to the locations specified by the customers.

Pursuant to the New Enterprise Income Tax Law and its implementation rules and the Implementation Regulations for Special Tax Adjustments (Trial) (特別納稅調整實施辦法(試行)), transactions in respect of the purchase, sale and transfer of products between, amongst others, enterprises under direct or indirect control by the same third party are regarded as related parties transactions. Given Two-Two-Free and Huizhou Junyang are wholly-owned subsidiaries of the Company, transactions between these parties are regarded as related parties transactions.

According to the New Enterprise Income Tax Law and the Implementation Regulations for Special Tax Adjustments (Trial) (特別納稅調整實施辦法(試行)), related parties transactions should comply with the arm's length principle (獨立交易原則); and if the failure of compliance with such principle results in reducing the income or taxable income of the enterprise or its related parties, the tax authority has the power to make an adjustment in accordance with reasonable methods.

Pursuant to such laws and regulations, any company entering into related party transactions with another company shall submit an annual related party transactions reporting form to the supervising tax authority.

Having taken into consideration of the relevant tax rules, the Directors consider that the first profitable year of Huizhou Junyang should start from the financial year ended 31 December 2007. Accordingly, Huizhou Junyang should enjoy full EIT exemption for the two years ended 31 December 2008 and is subject to EIT at 12.5% for the financial year ended 31 December 2009. As such, a tax provision based on the applicable EIT rate was made based on the estimated taxable profit of Huizhou Junyang for the year ended 31 December 2009. Having considered the transfer pricing report prepared for Huizhou Junyang revealing that its net cost plus ("**NCP**") margin of 3.62% for the year ended 31 December 2009 falls within the arm's length range established by comparable companies, and tax provision has been made thereon at 12.5%, the Directors are of the view that Huizhou Junyang's transfer pricing position should be considered to be in accordance with the requirements of the PRC transfer pricing regulations, and hence it should not have transfer pricing exposure for the financial year ended 31 December 2009. Based on the above calculation, the Directors are also of the view that the Group should have reasonable grounds to defend against possible challenge by the PRC tax authority on the Group's transfer pricing position.

As advised by the PRC Legal Advisers, Huizhou Taxation Bureau, as the competent authority, issued two written confirmation letters on 6 August 2010 and 18 November 2010 respectively to confirm that (i) Huizhou Junyang had submitted the annual related party transaction reporting form as required by relevant laws and regulations, and the circumstance in respect of the transaction between Huizhou Junyang and its related parties had been reported to Huizhou Taxation Bureau; (ii) all the transactions between Huizhou Junyang and its related parties had been in compliance with the arm's length

principle (獨立交易原則), no adjustment needs to be made to Huizhou Junyang; (iii) Huizhou Junyang and its related parties should not be ordered to pay any outstanding tax, interest and fees; and (iv) no penalty had been or need to be imposed on Huizhou Junyang due to any non-compliance with respect to PRC tax laws and regulations, including without limitation, the PRC laws and regulations regarding transfer pricing. Based on such confirmation letters, the PRC Legal Advisers are of the view that the likelihood for Huizhou Junyang and its related parties to be penalized for such transactions or to be requested to make tax adjustment by Huizhou Taxation Bureau is relatively low. Further, as advised by the Macau Legal Advisers, there are no applicable Macau rules and regulations governing transactions among related companies in Macau, and therefore, the business arrangement of Two-Two-Free will not be subject to any transfer pricing exposure and the Group has not been subject to any investigation or challenge by the relevant authorities of the Group's Macau operations. As advised by the Macau Legal Advisers, Two-Two-Free has complied with the Macau laws and regulations relating to its operation and taxation in all material respects during the Track Record Period.

As of the Latest Practicable Date, the Directors were not aware of any enquiry audit or investigation by any tax authority in the PRC, Macau or Hong Kong with respect of transfer pricing procedures carried out by the Group since its establishment. The Directors have advised that in preparing the financial information, the Directors have reviewed and assessed the Group's transfer pricing arrangements in relation to intra-group services and considered that, although the Group is exposed to transfer pricing risk for the fact that it is possible that the PRC tax authority may challenge the Group's transfer pricing position, the Group has grounds to defend against the possible challenge.

Notwithstanding the aforesaid, as advised by the PRC Legal Advisers, according to the relevant PRC tax laws and regulations, the tax authority has the power to reassess the transactions entered into between Huizhou Junyang and its related parties for a maximum of 10 years' time. If Huizhou Junyang is deemed not to be in compliance with the transfer pricing rules, the tax authority has the power to order Huizhou Junyang to pay all outstanding tax and statutory interest and Huizhou Junyang may be subject to other penalties. There is no assurance that the tax authority will not make adjustment to the tax payable by the Group in respect of such related party transactions in the future, and as a result of which, the Group may be required to change its transfer pricing practices or operating procedures. In such event, the Group may be required to pay additional taxes and the Group's profitability may be affected. For further details of the transfer pricing arrangement, please refer to the paragraph headed "Our operations may be subject to transfer pricing adjustment by competent authority" under the section headed "Risk Factors" in this prospectus.

LEGAL COMPLIANCE AND PROCEEDINGS

As at the Latest Practicable Date, save as disclosed below, we were not aware of any current, pending or threatened litigation, arbitration, proceedings or administrative proceedings against us or any of our subsidiaries or any of our Directors which could have a material adverse effect on our financial condition or results of operation.

Personal injuries proceeding

An ex-employee of Tary made a claim for employees compensation ("**EC Claim**") as a result of an accident which happened when the plaintiff was driving a golf cart within the area of the production facilities upon the instructions of her supervisors on 23 September 2004. The plaintiff alleged to have suffered from cervical vertebra bifacet dislocation and has developed into certain other illnesses as a result of the accident. The plaintiff further alleged to have become tetraplegic and totally dependent, and that she is not able to engage in any kind of work. The EC Claim was settled in or about November 2005 in the sum of approximately HK$1.7 million. On 13 September 2007, such ex-employee commenced a further common law claim against Tary and Huizhou Junyang in a legal proceeding (HCPI 805/2007). Her pleaded claim is approximately HK$24 million or alternatively approximately HK$27 million. The common law claim against Huizhou Junyang was discontinued by such ex-employee pursuant to an order dated 7 April 2009. As at the Latest Practicable Date, the common law claim against Tary has been settled (except the legal costs claimed by plaintiff which is in the amount of approximately HK$1.9 million and is subject to negotiation of the parties (but in any event it will be covered by the insurer of Tary)). Pursuant to an employee compensation insurance policy taken out by Tary, the insurer has provided full indemnity to Tary in respect of the common law claim. Upon review, the Directors consider that as the insurer of Tary has confirmed that it has provided full indemnity to Tary in respect of this claim in accordance with the terms and conditions of the employees' compensation insurance policy taken out by Tary, no provision should be made in this respect. Accordingly, the Directors consider that there will not be any material impact, both legally and financially, on the Group's results and operations.

The Directors believe that the accident does not reflect any internal control weakness in the Company's occupational safety policy, and that the accident was an isolated case and was not related to operational and general safety in the workplace.

As advised by the Directors, the Company believes that they have in place adequate measures and procedures in dealing with safety in the workplace.

The Company has implemented a safety manual since 15 August 2004 which contains a number of safety measure and guidelines for its employees of all production departments and warehouses. Copies of the safety manual are readily available to the employees from the respective department head whom will enforce the compliance of these safety procedures. In addition, there are guidelines in relation to the operations of individual machinery and equipment such as the operation of forklifts and lathes or in relation to the procedure of each department, such as the departments of recycling, printing, packaging and extrudion as well as warehouses.

Moreover, the Company provides training for its employees in respect of safety in the workplace. According to the safety manual and relevant safety guidelines, the employees are required to study the safety guidelines and pass relevant tests before they take up any job duties. Employees are also supervised by relevant department heads when operating certain machinery and equipments. Employee operating forklifts must obtain an operation certificate from local government authority after training and examination. The

Company also trains its staff on how to handle unexpected events and accidents, for example, fire or power failure. The Company also plans to provide periodic training for its employees on occupational safety.

We have designated our general manager to oversee the occupational safety described above. He is also the contact person whenever there are questions or issues with occupational safety and manage the Company's overall internal control and occupational safety procedures, including the constant review of and keeping up-to-date with the safety measures of the Company.

In view of the above measures, the Directors are of the view that the internal control system is sufficient to address the safety issue.

Failure to prepare audited accounts in compliance with Companies Ordinance

Ramber is one of the investment holding vehicles of our Group. The existing directors of Ramber are Mr. Chum, Mrs. Chum and Mr. Desmond Chum and they were appointed as directors of Ramber on 6 December 2002, 6 February 2003 and 6 February 2003 respectively. Pursuant to sections 122(1) and 122(2) of the Companies Ordinance, the directors of Ramber must cause the profit and loss account and balance sheet of the company to be made up and laid before Ramber at each of its annual general meetings.

For each of the accounting years ended 31 March 2001 to 2010 (the "**Non-complied Period**"), the directors of Ramber relied on the staff member responsible for the accounting matters of Ramber to deal with the accounting matters of Ramber. Such staff member instructed Messrs. Richard S.K. Chan & Co., Certified Public Accountants ("**Richard S.K. Chan & Co.**") from time to time to prepare audited accounts (the "**Accounts**") for Ramber. However, during the Non-Complied Period, the relevant staff member failed to instruct Richard S.K. Chan & Co. to prepare the Accounts of the Non-Complied Period. On 11 January 2010, Greenstar appointed Deloitte Touche Tohmatsu ("**Deloitte**") as the reporting accountants of our Group. Upon review of the relevant accounts of our Group, Deloitte advised the directors of Ramber that Ramber had failed to prepare any Accounts for the Non-complied Period as required under the Companies Ordinance. Accordingly, the directors of Ramber immediately instructed Richard S.K. Chan & Co. to prepare the Accounts of Ramber for the Non-complied Period.

As soon as practicable after the Accounts and other documents were prepared, the directors of Ramber, through independent legal advisers engaged by the Company to deal with the issue, have on 20 August 2010 applied to the High Court of Hong Kong to seek an order for Ramber to extend the period for laying the financial statements covering the Non-complied Period. On 16 September 2010, the Court of First Instance, the High Court of Hong Kong granted an order to extend the period for the laying of financial statements covering the Non-complied Period to 8 July 2010, being the date on which an extraordinary general meeting of Ramber was held and the Accounts were laid before the shareholders of Ramber.

Pursuant to section 122 of the Companies Ordinance and Schedule 12 thereto, if a director of a company fails to take all reasonable steps to comply with the requirements under the said section, such person is liable on conviction to a maximum fine of HK$300,000 and imprisonment for up to 12 months. Further, it is a defence to prove that he or she had reasonable grounds to believe and did believe that a competent and reliable person was charged with the duty of overseeing that the provision of section 122 of the Companies Ordinance is complied with. However, under section 122(3)(b) of the Companies Ordinance, a director will not be sentenced to imprisonment unless the court finds that he or she committed the offence willfully. The Directors understand and the Hong Kong legal advisers of the Company to this non-compliance issue, Tony Au & Partners, confirmed that, while the grant of a court order in relation to section 122 of the Companies Ordinance may not by itself bar criminal enforcement by the Companies Registry of possible offences arising from past default, the likelihood of criminal enforcement by the Companies Registry as well as the likelihood of conviction are low given that the Court of First Instance, the High Court of Hong Kong granted an order mentioned above based on its acceptance of the explanations as set out in the Affirmations submitted for the court application of the directors of Ramber, including the submissions that the non-compliance was merely inadvertent and was definitely not willful. On such basis, our Directors consider that the above non-compliance is not likely to have any material adverse effect on our business or financial conditions.

To avoid future occurrences of such non-compliance, and to strengthen the ways in detecting potential breaches in the future as well as enhancing the effectiveness of our corporate governance, our Group has taken and will take the following steps to incorporate corporate governance practices to ensure compliance with the applicable rules and regulations:

- we have established an internal audit function, which is independent of the Company's management and reports directly to the Audit Committee, to assess and monitor the internal controls of our Company;

- our audit committee will oversee the financial reporting and internal control procedures of our Company;

- our company secretary, Mr. Chan Shiu Yuen Sammy, who is an associate member of the Hong Kong Institute of Certified Public Accountants, will assist our Group in ensuring compliance with section 122 of the Companies Ordinance;

- we will engage a Hong Kong legal adviser to provide training on the latest developments of various compliance matters that relate to our Group including the Listing Rules and the Companies Ordinance; and

- our Company has undertaken to the Sole Sponsor to engage a professional appraisal company as determined by the audit committee to conduct an assessment over the effectiveness of the internal control systems of our Group during each of the first two years after Listing (and thereafter on a need basis) and to include the material findings of such assessment together with other appropriate disclosure in our Company's annual reports.

FUTURE PLANS AND PROSPECTS

Please see the section headed "Our Business — Our strategies and future plans" in this prospectus for a detailed description of our future plans.

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;

- 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.

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 Category II medical devices 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 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 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 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.

DIRECTORS

Our Board is responsible for, and has general powers for, the management and conduct of the business of our Group. Our Board consists of six Directors including three executive Directors and three independent non-executive Directors. The table below sets out certain information in respect of the members of our Board:

Name	Age	Position	Date of Appointment
Mr. Chum Tung Hang (覃通衡)	72	Chairman and executive Director	9 June 2010
Mr. Chum Hon Sing (覃漢昇)	32	Chief executive officer and executive Director	9 June 2010
Ms. Lei Sao Cheng (李秀清)	60	Executive Director	9 June 2010
Mr. Lee Thomas Tuan-Tong (李端棠)	58	Independent non-executive Director	17 December 2010
Mr. Chow Tsu-Yin (周祖蔭)	54	Independent non-executive Director	17 December 2010
Mr. Chan Bing Chung (陳秉中)	41	Independent non-executive Director	17 December 2010

Executive Directors

Mr. Chum Tung Hang (覃通衡), aged 72, is the founder of our Group and Chairman of our Company. Mr. Chum was appointed as Director on 9 June 2010 and re-designated as an executive Director on 12 July 2010. He is primarily responsible for providing general guidance on the overall strategies, planning and business development of our Group. Mr. Chum acted as the director of Tary from 13 May 1986 to 15 December 2006 and was re-appointed on 21 May 2008. Mr. Chum also acted as the director of Ramber, Two-Two-Free, Nupoly and Huizhou Junyang since 6 December 2002, 5 February 2004, 25 March 2010 and 24 October 2000, respectively. Mr. Chum also heads our research and development department and was the registered owner of 18 patents which are in force in different production technologies and product designs before assigning them all to our Group pursuant to the Patent Assignments. Since the establishment of our Group, Mr. Chum has been focusing on improving our production technologies as well as developing new products which have been well-received by our customers which we believe are key to our success. Mr. Chum has many years of experience in the manufacture of plastic and plastic machinery businesses which has accumulated since his establishment of High Den in 1985 and his subsequent establishment of Huizhou Junyang in October 2000. Mr. Chum,

together with Mrs. Chum, founded High Den in 1985 which has ceased operations since April 2006 and the entire issued share capital of which were subsequently sold to two Independent Third Parties on 26 May 2010.

Mr. Chum Hon Sing (覃漢昇), aged 32, joined our Group in September 1999 and is the chief executive officer of our Company. He graduated from University Hill Secondary School in British Columbia, Canada in 1996. Mr. Desmond Chum was appointed as Director on 9 June 2010 and re-designated as an executive Director on 12 July 2010. Mr. Desmond Chum is the son of Mr. Chum and Mrs. Chum and is primarily responsible for devising our business development strategies and overseeing their due execution. Mr. Desmond Chum acted as the director of Ramber since 6 February 2003 and was also the chairman of Huizhou Junyang from its establishment in 24 October 2000 to 18 March 2009. Mr. Desmond Chum is also responsible for overseeing the manufacturing and sales functions as well as the daily operations of our Group. Since his joining of our Group in 1999, Mr. Desmond Chum has taken up roles in different functions within our Group. Prior to assuming his current position as the chief executive officer of our Company, Mr. Desmond Chum worked as the production manager, purchasing manager and sales manager of our Group where he was responsible for overseeing the production and design of our products, purchase of raw materials and machinery as well as expansion of our overseas markets. Since joining our Group, Mr. Desmond Chum has successfully led our Group to become an exporter of clinical and household hygienic disposables with innovative designs which include products made with oxo-biodegradable materials, and secured and maintained stable business relationships with various well-established European and US customers.

Ms. Lei Sao Cheng (李秀清), aged 60, is the spouse of Mr. Chum and, together with Mr. Chum, founded our Group. Mrs. Chum was appointed as Director on 9 June 2010 and was re-designated as an executive Director on 12 July 2010. Mrs. Chum is primarily responsible for overseeing the production, human resources and administrative affairs of our Group. Prior to the establishment of Huizhou Junyang in October 2000, Mrs. Chum, together with Mr. Chum, founded High Den in 1985 where Mrs. Chum accumulated substantial operational management experience in the plastic business environment. Mrs. Chum acted as the director of Tary from 13 May 1986 to 15 December 2006 and was re-appointed on 2 November 2009. Mrs. Chum also acted as the director of Ramber, Two-Two-Free and Nupoly since 6 February 2003, 5 February 2004 and 18 June 2010, respectively. Mrs. Chum was appointed as a director of Huizhou Junyang since its establishment on 24 October 2000 and since 18 March 2009 became the chairman on 18 March 2009.

Independent non-executive Directors

Mr. Lee Thomas Tuan-Tong (李端棠), aged 58, was appointed as an independent non-executive Director on 17 December 2010. Mr. Lee graduated from School of Medicine, Taipei Medical University in June 1978. From 1979 to 1996, he was licensed by the Michigan Board of Medicine, Department of Licensing and Regulation of the State of

Michigan, to practise as a medical doctor. Mr. Lee is licensed as a physician and surgeon under the Medical Board of California since 21 August 1981 and currently remains practising as such.

Mr. Chow Tsu-Yin (周祖蔭), aged 54, was appointed as an independent non-executive Director on 17 December 2010. Mr. Chow obtained a bachelor of arts degree in English language in Soochow University, Taiwan, in June 1979, and further received a master of arts degree in communication arts and science from the University of Southern California, the USA in May 1983.

Mr. Chow has been the president of Allied Poly International, Inc., since 1992, a company which is engaged in the importing, exporting and manufacture of plastic related products in the US. Mr. Chow acted as the operations manager in Pan Pacific Manufacturing, Inc., a company engaged in the manufacture of plastic packaging in Northern California, the US, from 1988 to 1992.

Mr. Chan Bing Chung (陳秉中), aged 41, was appointed as an independent non-executive Director on 17 December 2010. Mr. Chan graduated from City Polytechnic of Hong Kong with a bachelor's degree in arts in 1993. Mr. Chan is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. For the period from July 1993 to July 1994, he worked in the audit department of Messrs. C.C. Chan, Wong & Company, Certified Public Accountants. From July 1994 to August 1996, he joined Messrs. Fan, Mitchell & Co., Certified Public Accountants, as an audit semi-senior. In January 1997, he joined Messrs. Kwan Wong Tan & Fong, Certified Public Accountants as a staff accountant in its audit department. He continued to work as staff accountant in Deloitte after the merger of the two firms, until 1 June 1998. For the period of 1 October 2000 to 5 January 2002, Mr. Chan worked at Messrs. Simon Chiu & Co, Certified Public Accountants, as an audit supervisor. He also worked as audit manager at Messrs. Johnny Chan & Co. Limited, Certified Public Accountants, from April 2002 to October 2006. Since January 2007, Mr. Chan has been a director of Messrs. K.M. Choi & Au Yeung Limited (蔡國文歐陽會計師事務所有限公司.) Mr. Chan is a founder of JP Union & Co., an accounting firm in Hong Kong and has been a director of such firm since 1 January 2008. Mr. Chan was the company secretary and qualified accountant of Hidili Industry International Development Limited (stock code: 1393), the shares of which are listed on the Main Board of the Stock Exchange, from July 2007 to September 2008. Mr. Chan has approximately 17 years of experience in financial auditing, internal control reporting and compliance advisory with various local and international audit firms.

Save as disclosed, each of the Directors confirms with respect to him/her that: (i) he/she has not held any directorships in the last three years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) he/she does not have any relationship with any other Directors, senior management or substantial shareholders or Controlling Shareholders; (iii) he/she does not hold any positions in our Company or other members of our Group; (iv) he/she does not have any interests in the Shares within the meaning of Part XV of SFO; (v) there is no other information that should

be disclosed for him/her pursuant to the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and (vi) there are no other matters that need to be brought to the attention of holders of securities of our Company.

BOARD COMMITTEES

Audit committee

We have established an audit committee on 17 December 2010 with written terms of reference in compliance with the Listing Rules. The primary duties of the audit committee are to review and supervise the preparation of annual reports and accounts, the interim reports of our Company and to provide advice and comments to the Board. In doing so, members of the audit committee will communicate with the Board, the senior management and the auditors of our Company. The audit committee will also consider whether there are any material or general matters which are, or may be, necessary to be reflected in such reports and accounts, and will consider matters raised by our auditors. Members of the audit committee are also responsible for reviewing the financial reporting process and internal control systems of our Company and overseeing the relationship with the external auditors.

The audit committee comprises our three independent non-executive Directors, namely Mr. Chan Bing Chung, Mr. Chow Tsu-Yin and Mr. Lee Thomas Tuan-Tong. Mr. Chan Bing Chung is the chairman of our audit committee.

Remuneration committee

We have established a remuneration committee on 17 December 2010 with written terms of reference in compliance with the Listing Rules. The remuneration committee is responsible for considering and making recommendation to our Board the remuneration and other benefits paid by us to our Directors and senior management. The remuneration of all our Directors and senior management is subject to regular monitoring by the remuneration committee to ensure that levels of their remuneration and compensation are appropriate. The remuneration committee comprises three members namely, Mr. Chan Bing Chung, Mr. Chow Tsu-Yin and Mr. Lee Thomas Tuan-Tong. Mr. Chow Tsu-Yin is the chairman of the remuneration committee.

Nomination Committee

We have established a nomination committee on 17 December 2010 with written terms of reference in compliance with the Listing Rules. The nomination committee is responsible for considering and making recommendation to the Board on appointment of Directors and management of the succession of the Board. The nomination committee comprises three members namely, Mr. Chan Bing Chung, Mr. Chow Tsu-Yin and Mr. Lee Thomas Tuan-Tong. Mr. Lee Thomas Tuan-Tong is the chairman of the nomination committee.

SENIOR MANAGEMENT AND COMPANY SECRETARY

Ms. Chum Wing Sze (覃詠思), aged 30, is the sales manager of our Company and daughter of Mr. Chum and Mrs. Chum. Ms. Shirley Chum has been appointed as a director of Tary and Huizhou Junyang since 15 December 2006 and 18 March 2009, respectively. Ms. Shirley Chum graduated from The University of British Columbia with a Bachelor of Arts degree in 2005. Ms. Shirley Chum has joined our Group since 2005 and is responsible for developing and maintaining customer relationships and managing our sales and marketing team.

Mr. Chan Shiu Yuen Sammy (陳紹源), aged 46, has joined our Group since December 2009 and is the chief financial officer and company secretary of our Company. Mr. Chan graduated from Dalhousie University, Canada with a Bachelor of Commerce degree in May 1992 and is a member of the Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants. Mr. Chan has over 16 years of experience in auditing, accounting, taxation, business consultancy and financial management. Mr. Chan worked as an accountant in the audit department of Messrs. Kwan Wong Tan & Wong, Certified Public Accountants from November 1993 until the merger of that firm and Deloitte on 1 August 1997. After the merger of the two firms, he was redesignated as a semi-senior accountant within the assurance and advisory department of Deloitte and was subsequently promoted as senior accountant. Mr. Chan worked with Deloitte until September 2001. Mr. Chan was the company secretary and qualified accountant during the period between May 2005 and May 2007 and has since December 2009 become an independent non-executive director of Powerleader Science & Technology Group Limited (stock code: 8236), the shares of which are listed on the Growth Enterprise Market of the Stock Exchange. During the period from July 2007 to February 2009, Mr. Chan worked as the deputy general manager of China Fibretech Limited (company registration no: 40381), a company listed on the main board of the Singapore Stock Exchange Limited. In addition Mr. Chan is a shareholder and director of Brilliant Consultancy Limited (卓見商業顧問有限公司) which was owned as to 50% by Mr. Chan since 3 January 2002.

Mr. Liang Han Zhao (梁漢釗), aged 38, has joined our Group since April 2003 and is the production manager of our Company responsible for overseeing the production process of our Group. Mr. Liang obtained a diploma in foreign trade and economics (對外經濟貿易專業) from Wuxi Institute of Light Industry* (江蘇省無錫輕工業學院) (now known as Jiangnan University (江南大學)) in Jiangsu Province, the PRC in 1994 and a graduation certificate in administration management (行政管理專業畢業證書（專科）) upon completing the distance learning courses offered by China Central Radio and TV University (中央廣播電視大學) in 2008. Mr. Liang has approximately seven years of experience in managing production work.

Ms. Li Wei Zhen (李偉珍), aged 44, has joined our Group since November 2001 and is the administration and human resources manager of our Company responsible for overseeing the administration and human resources departments of our Group. Ms. Li obtained a graduation certificate in finance and accounting (財務會計專業) from

Guangdong Province Adult Secondary School of Accounting* (廣東省會計函授成人中等專業學校) in 1999. Ms. Li has about eight years of experience in human resources and administrative work.

Mr. Li Zhi Yong (黎志勇), aged 32, has joined our Group since October 2001 and is the customs declaration and logistic manager of our Company responsible for managing the export and import declarations of our products and overseeing our overall logistic operations. Mr. Li received qualification of tertiary vocational training in applied computer science (計算機及應用) from the part-time division of Foshan University* (佛山科學技術學院) in July 2002 and obtained the qualification of a customs declaration officer (報關員) in September 2000. From September 2000 to September 2001, Mr. Li worked at Huizhou Maiketemagi Motorcycles Co., Ltd* (麥科特瑪琪摩托車有限公司) where he was responsible for marketing and promotion of products.

Mr. Sun Xi Tao (孫熙濤), aged 42, has joined our Group since April 2010 and is the co-head of our sales department for clinical hygienic disposable products. Mr. Sun graduated from Anhui Medical University* (安徽醫科大學成人教育學院) in 1997. He has about seven years of experience in medical technology industry. From 2003 to 2004, he acted as the general manager of Greater China region for Quick Diagnosis, Inc. LTD. From 2006 to 2009, Mr. Sun also acted as the deputy general manager of Daqing Sunway Technology Co., Ltd* (大慶三維科技有限責任公司) which is deemed to be controlled by Sunway Global Inc. (stock code: SUWG) as a variable interest entity, Sunway Global Inc. is a company listed on The NASDAQ Stock Market, Inc.. In addition to his current position with our Group, Mr. Sun has been the vice-chairman and secretary general of China Pheumatic Logistics of Transmission Society* (中國氣動物流傳輸學會) since July 2009 and the general manager of Beijing Sanwei Xindongli Medical Technology Company Limited* (北京三維新動力醫療科技有限公司) since September 2007.

Mr. Zong Hao (宗昊), aged 27, has joined our Group since April 2010 and is the co-head of our sales department for clinical hygienic disposable products. Mr. Zong graduated from Beijing College of Finance and Commerce (北京財貿職業學院) with a bachelor's degree in finance in 2005. In addition to his current position with our Group, Mr. Zong was the executive manager of Beijing Zuoer Fengshang Media and Culture Company Limited* (北京卓爾風尚傳媒文化有限公司) from July 2008 to August 2010 where he was responsible for their overall management.

EMPLOYEES

As at 30 September 2010, we had a total of 235 full-time employees. The following table sets forth the number of our full-time employees by their functions as at 30 September 2010:

	Number of Employees
Management	4
Finance	6
Administration	15
Research and development	3
Production	176
Logistic	5
Sales and marketing	6
Purchase	3
Quality control	17
Total	**235**

We offer our employees staff benefits including the provision of staff quarters and canteen services and various training programs in order to attract and retain our employees. For our PRC employees, we have made statutory social securities contributions (including pension insurance, unemployment insurance, medical insurance, work injury insurance, and child birth insurance) in accordance with applicable PRC laws and regulations.

In accordance with the relevant PRC laws and regulations, Huizhou Junyang shall, within 30 days from its establishment, complete the corresponding housing fund payment and deposit registration procedures and then contribute the housing fund for its employees according to such PRC laws and regulations. However, Huizhou Junyang had not registered and contributed housing fund (住房公積金) for its employees until 26 April 2010. Huizhou Junyang may be ordered to pay up the outstanding housing fund within a prescriptive time limit due to such non-compliance. The Group estimates the maximum liabilities as result of the above-mentioned non-compliance would be approximately RMB285,000, including the outstanding housing fund payments which should be paid before the establishment of the housing fund account. Based on the confirmation issued by the Huizhou City Housing Fund Management Centre* (惠州市住房公積金管理中心) on 9 June 2010 ("**Management Centre Confirmation**"), Huizhou Junyang on 26 April 2010 opened housing fund accounts for all of its urban employees (城鎮職工) and has since then made full payment of housing fund for all of its urban employees in accordance with the relevant PRC laws and regulations. It is confirmed in the Management Centre Confirmation that according to relevant regulations and policies, the Huizhou City Housing Fund Management Centre would not at present require enterprises located in Huizhou City including Huizhou Junyang to make any housing fund contributions for its agricultural employees (農業戶口職工). The Huizhou City Housing Fund Management Centre further confirmed that: (i) until so notified by the Huizhou City Housing Fund Management Centre in the future, Huizhou Junyang is not required to make housing fund contributions for its agricultural employees; and (ii) Huizhou Junyang will not be subject to any penalties or required to pay for the

overdue housing funds for either its agricultural employees or its urban employees. As advised by the PRC Legal Advisers, the Huizhou City Housing Fund Management Centre* (惠州市住房公積金管理中心) has the power to issue the Management Centre Confirmation and based on such Management Centre Confirmation, the possibility for Huizhou Junyang to be ordered to pay for the overdue housing funds for its relevant employees by the Huizhou City Housing Fund Management Centre* (惠州市住房公積金管理中心) is low.

We have not experienced any significant labor disputes nor significant shortage of labour which had materially and adversely affected our operations during the Track Record Period. We believe that we maintain a good working relationship with our employees.

During the Track Record Period, we had been facing significant competition for the services of workers of other provinces in the PRC. As the wages and benefits provided to the workers by our Group are competitive as compared to other similar operations in Huizhou, we do not anticipate that we would experience any significant difficulty in recruiting new workers and retaining existing workers.

Newly enacted PRC employment contract law may increase labour costs. Our Group is subject to various labour laws and regulations in the PRC, including the PRC Labour Contract Law as set out in the sub-section headed "Newly enacted PRC employment contract law may increase our labour costs" in the section headed "Risk factors" in the prospectus. To the best knowledge of the Directors, there has been no material operational and financial impact on our Group during the Track Record Period relating to the implementation of such law. Our Group will seek legal advice where required to facilitate implementation of such law going forward.

Retirement Benefit Plans

During the Track Record Period, the Group operated a Mandatory Provident Fund Scheme ("**MPF Scheme**") for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme were held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees were each required to make contributions to the scheme at rate specified in the rules.

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiary is required to contribute a certain percentage of their payroll to the retirement benefit schemes to fund the benefits. During the Track Record Period, no relevant contribution in respect of such retirement benefit scheme was required to be made for the Directors in the PRC.

Two-Two-Free has operated a social security fund for all its qualifying employees in Macau under 18 October — Decree Law No. 58/93/M (approval of social security regime). Two-Two-Free is required to participate and contribute monthly MOP$45 for each employee of their payroll to the social security fund to fund the benefit. During the Track Record Period, no relevant contribution was required to be made for the Directors in Macau.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our remuneration policies are formulated based on qualifications, years of experiences and the performance of individual employees and are reviewed regularly. The same policies will be adopted after the Listing Date.

The aggregate amount of remuneration (including any salaries, fees, other benefits and allowances and pension scheme contributions) paid by us to the Directors during the three years ended 31 March 2008, 2009 and 2010 and the three months ended 30 June 2010, were approximately HK$2,068,000, HK$136,000, HK$136,000 and HK$34,000, respectively.

Our five highest paid individuals for the three years ended 31 March 2008, 2009 and 2010 and the three months ended 30 June 2010 included two Directors for the year ended 31 March 2008 and one Director for the two years ended 31 March 2010 and the three months ended 30 June 2010 and the total remuneration of the five highest paid individuals was approximately HK$2,817,000, HK$1,100,000, HK$922,000 and HK$211,000, respectively for the three years ended 31 March 2008, 2009 and 2010 and the three months ended 30 June 2010.

Save as disclosed above, no other amounts have been paid or were payable by us to the Directors and members of the senior management for the three years ended 31 March 2008, 2009 and 2010 and the three months ended 30 June 2010.

COMPLIANCE ADVISER

We have appointed Guotai Junan Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to the terms of the engagement letter entered into between our Company and the compliance adviser and Rule 3A.23 of the Listing Rules, the compliance adviser will advise our Company, among others, on the following matters:

(i) the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be of a notifiable or connected transaction, is contemplated including but not limited to share issues and share repurchases;

(iii) where we propose to use the proceeds from the Global Offering in a manner different from that detailed in this prospectus or where the business activities, developments or results of our Company deviate from any forecast, estimate, or other information in this prospectus; and

(iv) where the Stock Exchange makes an inquiry of our Company regarding unusual movement in the price or trading volume of our Company.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

CONTROLLING SHAREHOLDERS

Immediately following the completion of the Capitalization Issue and the Global Offering (but excluding any Shares which may be allotted and issued or sold pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme), The Chum's Family Trust will indirectly, through its shareholding (which is held by its trustee on its behalf) in Golden Realm and Able Bright, be interested in approximately 71.5% of the post offering enlarged issued share capital of our Company and hence will continue to be the Controlling Shareholder. Mr. Chum, as founder and settlor of The Chum's Family Trust, will therefore also be deemed to be interested in approximately 71.5% of the Company's total issued share capital through The Chum's Family Trust.

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from the Controlling Shareholders and their respective associates after the Global Offering.

Management Independence

The Board comprises three executive Directors namely, Mr. Chum, Mrs. Chum and Mr. Desmond Chum and three independent non-executive Directors namely, Mr. Lee Thomas Tuan-Tong, Mr. Chow Tsu-Yin and Mr. Chan Bing Chung. Mr. Chum, as settlor of The Chum's Family Trust, is also a Controlling Shareholder of the Company. Each of our Directors is aware of his/her fiduciary duties as a director which require, among others, that he/she must act for the benefit of and in the best interests of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests.

The Directors shall not vote in any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her associates has a material interest and shall not be counted in the quorum present at the particular Board meeting.

Since The Chum's Family Trust has no business other than holding the shareholding interests in Able Bright, Golden Realm and our Company, our Directors do not consider that there is any issue which will arise in relation to our management independence.

The table below sets out the details of the Directors and senior management's positions with the Controlling Shareholders and our Company.

Name	Position in our Company	Position in Able Bright	Position in Golden Realm
Directors			
Mr. Chum	Executive Director	Director	—
Mrs. Chum	Executive Director	—	—
Mr. Desmond Chum	Executive Director	—	—
Mr. Lee Thomas Tuan-Tong	Independent non-executive Director	—	—
Mr. Chow Tsu-Yin	Independent non-executive Director	—	—
Mr. Chan Bing Chung	Independent non-executive Director	—	—
Senior Management			
Ms. Shirley Chum	Sales manager	—	—
Mr. Chan Shiu Yuen Sammy	Chief financial officer and company secretary	—	—
Mr. Liang Han Zhao	Production manager	—	—
Ms. Li Wei Zhen	Administration and human resources manager	—	—
Mr. Li Zhi Yong	Customs declaration and logistic manager	—	—
Mr. Sun Xi Tao	Co-head of sales department for clinical hygienic disposable products	—	—
Mr. Zong Hao	Co-head of sales department of clinical hygienic disposable products	—	—

Mr. Chum is a director of both our Company and Able Bright. Although Mr. Chum holds a position in Able Bright, one of the Controlling Shareholders, Able Bright is only an investment holding company and this position does not require him to be involved in any day-to-day management thereof. Mr. Chum has confirmed that he has dedicated and will continue to dedicate the majority of his time to the management of our Group.

In the event that Mr. Chum is materially interested in a proposed transaction due to the dual directorships held by Mr. Chum in our Company and Able Bright, Mr. Chum will, abstain from voting and will not form the relevant quorum in the relevant Board meetings of our Company for approving such transaction. Such transaction will also require the approval at a Board meeting where independent non-executive Directors who have no (and whose associates have no) material interests therein so as to ensure that the best interests of our Company are being served.

Save as disclosed above, our Directors confirm that they do not hold any directorships in the Controlling Shareholders.

Although the Controlling Shareholders will retain a controlling interest in our Company after the Listing, our Company has full rights to make all decisions on, and to carry out, its own business operations independently. Our Group holds all relevant licences necessary to carry on business and has sufficient capital, equipment and employees to operate the business independently from the Controlling Shareholders.

Save for the continuing connected transaction disclosed in the section headed "Connected Transaction" in this prospectus, the Directors do not expect that there will be any other transactions between our Group on one side and the Controlling Shareholders and/or their respective associates on the other side upon or shortly after the Listing.

Having considered the above factors, the Directors are satisfied that the management team of our Company is able to perform its role in our Company independently, and our Directors are of the view that our Company is capable of managing its business independently from the Controlling Shareholders and their respective associates.

Operational independence

We also have independent access to our customers including the distributors and end users, which are independent from the Controlling Shareholders and their respective associates. We do not rely on the Controlling Shareholders and their respective associates for accessing to customers.

Our Directors also confirm that our Group has carried out all its essential administrative operations, such as cash and accounting management, invoicing and billing and other financial and management control systems independently from the Controlling Shareholders and their respective associates. We have established our own accounting, financial and treasury departments independent from the Controlling Shareholders and their respective associates.

Financial independence

Our Directors confirm that our Company will be financially independent from the Controlling Shareholders upon Listing. All outstanding loans and non-trade payables owed to and from, and/or outstanding financial guarantees or indemnities provided by the Controlling Shareholders and their respective associates, if any, have been settled before the Listing.

Our Directors believe that our Group will be able to obtain further financing such as bank loans, if necessary, upon market terms and conditions without relying further on financial assistance from the Controlling Shareholders and their respective associates after the Listing.

NON-COMPETITION UNDERTAKING

Mr. Chum, Able Bright, Golden Realm and Sarasin Trust Company (as trustee of The Chum's Family Trust) (the "**Covenantors**") have entered into a Deed of Non-Competition in favour of our Company, pursuant to which the Covenantors have undertaken to our Company (for ourselves and for the benefit of our subsidiaries) that with effect from the commencement of dealings in the Shares on the Stock Exchange, they would not, would procure that none of the persons and companies in their control shall, and would use their best endeavours to procure that none of their associates or associated companies not controlled by them shall, except through their interests in the Company, whether as principal or agent and whether undertaken directly or indirectly, either on their own account or in conjunction with or on behalf of any person, corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, among other things, carry on, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or connected with, directly or indirectly, any business which is in any respect in competition with or similar to or is likely to be in competition with the business of our Group described in this prospectus ("**Restricted Business**").

The Covenantors have further undertaken to our Company (for ourselves and for the benefit of our subsidiaries) that, with effect from the commencement of dealings in the Shares on the Stock Exchange, in the event that their and/or any of the persons or companies in their control is offered or becomes aware of any future business opportunity that may directly or indirectly compete with the Restricted Business ("**Competing Business Opportunity**") directly or indirectly to engage or become interested in a Restricted Business, they:

(i) shall promptly notify our Company in writing and refer such Competing Business Opportunity to our Company for consideration and provide such information as reasonably required by our Company in order to come to an informed assessment of such Competing Business Opportunity; and

(ii) shall not and procure the persons or companies in his/its control shall not, invest or participate in any project or Competing Business Opportunity unless such project or Competing Business Opportunity shall have been rejected by our Company and the principal terms on which the Covenantors or the persons or companies in their control invest or participate are no more favourable than those made available to our Company.

The Covenantors have further undertaken to our Company (for ourselves and for the benefit of our subsidiaries) that, with effect from the commencement of dealings in the Shares on the Stock Exchange, they shall not and shall procure that none of persons or companies in their control shall:

(i) at any time induce or attempt to induce any director, manager or employee or consultant of any member of our Group to terminate his or her employment or consultancy (as applicable) with our Group, whether or not such act of that person would constitute a breach of that person's contract of employment or consultancy (as applicable); or

(ii) at any time employ any person who has been a director, manager, employee of or consultant to any member of our Group who is or may be likely to be in possession of any confidential information or trade secrets relating to the Restricted Business; or

(iii) alone or jointly with any other person through or as manager, adviser, consultant, employee or agent for or shareholder in any person, firm or company, in competition with any member of our Group, canvass, or solicit or accept orders from or do business with any person with whom any member of our Group has done business or solicit or persuade any person who has dealt with our Group or is in the process of negotiating with our Group in relation to the Restricted Business to cease to deal with our Group or reduce the amount of business which the person would normally do with our Group or seek to improve their terms of trade with any member of our Group.

The above undertakings do not apply where the Covenantors or their respective associates have interests in the shares of a company that engages in the Restricted Business whose shares are listed on a recognized stock exchange provided that:

(i) the total number of shares held by the Covenantors and/or their respective associates in aggregate does not exceed 10% of the issued shares of that class of the company in question and the Covenantors and their respective associates are not entitled to appoint a majority of the directors of that company and at any time there should exist at least another shareholder of that company whose shareholdings in that company is more than the total number of shares held by the Covenantors and their respective associates in aggregate; and

(ii) the total number of shares held by the Covenantors and/or their respective associates shall not exceed 30% of the issued share capital of that company.

Furthermore, the Covenantors have undertaken that they will use their best endeavours and will procure their associates (except us) to use their best endeavours to procure that their respective employees and any company under their control, whether individually or jointly, directly or indirectly (except us), to observe the restrictions and undertakings contained in the Deed of Non-Competition.

The Covenantors represented and warranted that, as of the date of the Deed of Non-Competition, apart from the disclosures made in this prospectus, none of the Covenantors or any of the persons or companies in their control is currently interested or engaging, directly or indirectly, in (whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) the Restricted Business otherwise through our Group or is otherwise engaged in any business which is in competition or material competition to those of our Group.

Under the Deed of Non-Competition, the Covenantors further undertake to and covenant with our Company that during the period for which the Deed of Non-Competition is in force:

(i) they shall allow, and shall procure that the relevant associates (excluding us) to allow the independent non-executive Directors to review, at least on an annual basis, the Covenantors that they are in compliance with the Deed of Non-Competition;

(ii) they shall provide all information necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-Competition;

(iii) our Company shall disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the Deed of Non-Competition either through the annual report, or by way of announcement to the public; and

(iv) they shall provide our Company with a confirmation annually for inclusion by our Company in our annual report, in respect of their compliance with the terms of the Deed of Non-Competition.

The undertakings given by the Covenantors under the Deed of Non-Competition shall lapse and the Covenantors shall be released from the restrictions imposed on them upon the occurrence of the earliest of any of the following events or circumstances:

(a) the day on which the Shares cease to be listed on the Stock Exchange or another recognised stock exchange;

(b) the day on which the relevant Covenantor and/or his/its associates cease to hold, taken together, 30% or more of the issued share capital of our Company or otherwise the relevant Covenantor ceases to be a Controlling Shareholder of our Company; or

(c) the day on which the relevant Covenantor beneficially owns or is interested in the entire issued share capital of our Company.

NON-DISPOSAL UNDERTAKINGS

In accordance with Rule 10.07(1)(a) of the Listing Rules, the Controlling Shareholders have undertaken to the Stock Exchange that, (i) they will not, during the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of, any of the Shares in respect of which they are shown by this prospectus to be the beneficial owner; and (ii) they will not, during the period of six months from the date on which the period referred to in (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of, any of our Shares referred to in

(i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, they would then cease to be one of the Controlling Shareholders. Note (2) of Rule 10.07 of the Listing Rules provides that the rule does not prevent a controlling shareholder from using the Shares beneficially owned by it as security (including a charge or a pledge) in favour of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan.

The Controlling Shareholders have further undertaken to the Stock Exchange, the Sole Global Coordinator (for itself and on behalf of the Underwriters), the Sole Sponsor and us respectively that they will, within a period commencing on the date of this prospectus and ending on a date which is 12 months from the Listing Date, immediately inform the Stock Exchange, the Sole Global Coordinator (for itself and on behalf of the Underwriters), the Sole Sponsor and us in writing of:

(i) any pledges or charges of any of our Shares or securities of our Company beneficially owned by it, whether directly or indirectly, in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan pursuant to Note (2) to Rule 10.07(2) of the Listing Rules and the number of such Shares or securities of our Company so pledged or charged; and

(ii) any indication received by it, either verbal or written, from any pledgee or chargee of any of our Shares or other securities of our Company pledged or charged that any of such Shares or other share capital will be sold, transferred or disposed of.

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, the following persons, not being Directors or the chief executive officer of our Company, will have, immediately following the completion of Capitalization Issue and the Global Offering and taking no account of any Shares which may be allotted and issued or transferred pursuant to the exercise of (i) the Over-allotment Option; (ii) any options that may be granted under the Share Option Scheme, an interest or short position in the Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Division 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name	Nature of interest	Number of Shares	Approximate percentage of issued Shares immediately after the Global Offering[1]
The Chum's Family Trust[2]	Interest of corporation controlled by substantial shareholders	476,666,000	71.5%
Golden Realm[2]	Interest of corporation controlled by substantial shareholders	476,666,000	71.5%
Able Bright[3]	Beneficial owner	476,666,000	71.5%

Notes:

(1) These figures assume that the Shareholders will not participate in the Global Offering or in the trading of any Shares between the Latest Practicable Date and the Listing Date. These figures also assume that the Over-allotment Option is not exercised.

(2) The entire issued share capital of Golden Realm is registered in the name of Bank Sarasin Nominees. Bank Sarasin Nominees acts as nominee for Sarasin Trust Company as trustee of The Chum's Family Trust.

(3) The entire issued share capital of Able Bright is owned by Golden Realm.

Save as disclosed in this prospectus, the Directors are not aware of any other person not being Directors or the chief executive officer of our Company who will, immediately following the completion of Capitalization Issue and the Global Offering and taking no account of any Shares which may be allotted and issued or transferred pursuant to the exercise of (i) the Over-allotment Option; (ii) any options that may be granted under the Share Option Scheme, have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to our Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group. The Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

CONTINUING CONNECTED TRANSACTION EXEMPT FROM REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

The PRC Patents Licence Agreements

Mr. Chum, being the Chairman of our Company, an executive Director and a Controlling Shareholder, has entered into the Patent Assignments to assign his ownership in the US Patents, EU Patents and the PRC Patents to our Group. Pursuant to relevant PRC laws and regulations, the assignment of the PRC Patents under 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 order to ensure Huizhou Junyang will be entitled to use the PRC Patents before the completion of the registration procedures for the PRC Patents Assignment, Mr. Chum and Huizhou Junyang entered into the PRC Patents Licence Agreements. The PRC Patents Licence Agreements shall be filed with the competent patent administrative authority and cease to have effect upon completion of the registration of the PRC Patents. The Directors consider the duration of the PRC Patents Licence Agreements to be consistent with normal commercial terms to secure long-term rights for our Group. The Directors (including the independent non-executive Directors) are of the view that the PRC Patents Licence Agreements have been entered into on normal commercial terms and the terms of the PRC Patents Licence Agreements are fair and reasonable and in the interest of our Company and the Shareholders as a whole. As the right to use the PRC Patents is granted to our Group by Mr. Chum on a royalty-free basis, the arrangement under the PRC Patents Licence Agreements is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements applicable to continuing connected transactions under Chapter 14A of the Listing Rules on the basis that it falls within the de minimis threshold as stipulated under Rule 14A.33 of the Listing Rules.

Confirmation from the Directors

The Directors, including the independent non-executive Directors, confirm that the continuing connected transaction contemplated under the PRC Patents Licence Agreements described above were entered into on normal commercial terms and the terms of the PRC Patents Licence Agreements are fair and reasonable to our Company on the basis that terms thereof are no less favourable to our Company than terms offered by Independent Third Parties, and therefore are in the interests of the Shareholders and our Company as a whole.

The authorized share capital of our Company immediately before the Capitalization Issue and Global Offering is HK$100,000,000, divided into 10,000,000,000 Shares with a nominal value of HK$0.01 per Share.

Assuming the Over-allotment Option is not exercised, the share capital of our Company immediately after the Capitalization Issue and Global Offering will be as follows:

Issued and to be issued, fully paid or credited as fully paid		**Aggregate nominal value of Shares** *HK$*
40,010,000	Shares in issue at the date of this prospectus	400,100
466,656,000	Shares to be issued pursuant to the Capitalization Issue	4,666,560
160,000,000	Shares to be issued under the Global Offering	1,600,000
666,666,000	Shares	6,666,660

According to Rule 8.08 of the Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the "minimum prescribed percentage" of 25% of our Company's issued share capital in the hands of the public.

ASSUMPTIONS

The above table assumes that the Capitalization Issue and Global Offering become unconditional and will be completed in accordance with the relevant terms and conditions. It, however, takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme, and any Shares which may be allotted and issued, or repurchased by our Company pursuant to the general mandate to issue new Shares and general mandate to repurchase Shares as described below.

RANKING

The Offer Shares will rank pari passu in all respects with all Shares now in issue or to be issued as mentioned herein, and will rank in full for all dividends or other distributions declared, made or paid on the Shares after the date of this prospectus save for entitlement to the Capitalisation Issue.

Save as disclosed in this prospectus, no share or loan capital of our Company or any of its subsidiaries is under any option or is agreed conditionally or unconditionally to be put under any option.

ISSUING MANDATE

The Directors have been granted a general unconditional mandate to allot, issue and deal with the Shares with a total nominal value of not more than the sum of (i) 20% of the aggregate nominal amount of our Company's issued share capital immediately following the completion of the Capitalization Issue and Global Offering (excluding any Shares that may fall to be issued and allotted pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme) and (ii) the aggregate nominal value of share capital of the Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to below.

This mandate will expire:

- at the conclusion of our next annual general meeting following the passing of the written resolutions of our sole Shareholder on 17 December 2010; or
- at the expiration of the period within which our next annual general meeting is required by any applicable law or the Articles of Association to be held; or
- the passing of an ordinary resolution by our shareholders in a general meeting revoking, varying or renewing such mandate,

whichever is the earliest.

Particulars of this general mandate are set forth under "Written resolutions of our sole Shareholder passed on 17 December 2010" in Appendix VI headed "Statutory and general information" to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

A general unconditional mandate has been granted to our Directors authorizing them to exercise all the powers for and on behalf of our Company to repurchase Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Capitalization Issue and Global Offering (but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange, or on any other approved stock exchange(s) on which the securities of our Company may be listed and which is or are recognized by the SFC and the Stock Exchange for this purpose, and which are made in accordance with the Listing Rules. A summary of the relevant Listing Rules is set forth under "Repurchase by our Company of our Shares" in Appendix VI headed "Statutory and general information" to this prospectus.

This mandate will expire:

- at the conclusion of our next annual general meeting following the passing of the written resolutions of our sole Shareholder on 17 December 2010; or
- at the expiration of the period within which our next annual general meeting is required by any applicable law or the Articles of Association to be held; or
- the passing of an ordinary resolution by our shareholders in a general meeting revoking, varying or renewing such mandate,

whichever is the earliest.

Particulars of this general mandate are set forth under "Written resolutions of our sole Shareholder passed on 17 December 2010" in Appendix VI headed "Statutory and general information" to this prospectus.

SHARE OPTION SCHEME

Our Company has conditionally approved and adopted the Share Option Scheme. A summary of the principal terms of the Share Option Scheme is set out in the paragraph headed "Share Option Scheme" in Appendix VI headed "Statutory and general information" to this prospectus.

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our combined financial statements included in the Accountants' Report, which has been prepared in accordance with HKFRS, as set out in Appendix I to this prospectus, and the unaudited pro forma financial information included in Appendix II to this prospectus, in each case together with the accompanying notes. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements that involve risks and uncertainties. Our actual results and timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under the section headed "Risk factors" and elsewhere in this prospectus.

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.

A number of our products come with innovative designs which Mr. Chum, our founder, has successfully patented in different jurisdictions. A vast majority of our self-manufactured products are exported to the UK and other European countries with major customers including Stenqvist AS, a packaging producer in Europe, 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. Additionally, we successfully established a significant presence in the US market in 2009 through trading of hygienic disposables with 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.

Our production facility is based in Huizhou of the Guangdong Province, the PRC, with 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 have enabled 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.

For the three years ended 31 March 2010 and three months ended 30 June 2010, our largest customer accounted for approximately 28.1%, 28.8%, 32.6% and 45.1% of our total sales, respectively, while our five largest customers accounted for approximately 84.6%, 76.1%, 87.1% and 92.3% of our total sales, respectively, for the corresponding periods. 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, of which approximately 11.2%, 16.9%, 47.3% and 53.1%,

respectively were for the clinical sector. For the three years ended 31 March 2010 and three months ended 30 June 2010, our net profit was approximately HK$43.1 million, HK$43.5 million, HK$78.9 million and HK$16.9 million, respectively.

BASIS OF PRESENTATION

Our combined statements of comprehensive income, combined statements of changes in equity and combined statement of cash flow for the Track Record Period which include the results, changes in equity and cash flows of the companies comprising our Group have been prepared as if the current group structures had been in existence throughout the Track Record Period, or since their respective dates of incorporation/establishment where it is a shorter period. Our combined statement of financial position as at 31 March 2008, 2009, 2010 and 30 June 2010 have been prepared to present the assets and liabilities at those dates. All intra-group transactions, balances, income and expenses are eliminated on combination.

FACTORS AFFECTING OUR GROUP'S RESULTS OF OPERATIONS

Our Group's results of operations and financial condition have been and will continue to be affected by a number of factors, including but not limited to the following factors as set forth below:

Economic conditions of the US and European countries

During the Track Record Period, a vast majority of our sales were made to European and US customers, which in aggregate represented approximately 94.9%, 84.9%, 93.9% and 98.1% of our total sales respectively for the three years ended 31 March 2010 and three months ended 30 June 2010. As our hygienic disposables are consumable products used mainly for the clinical and household applications, our sales performance will be affected by the economic conditions and the consumption expenditures of the US and European countries.

Product mix

We sell our products directly and primarily to hygienic and clinical disposable and packaging producers and/or distributors in Europe and the US. For the three years ended 31 March 2010 and the three months ended 30 June 2010, approximately 88.8%, 83.1%, 52.7% and 46.9% of our sales were generated from sales of products for household sector, while approximately 11.2%, 16.9%, 47.3% and 53.1% of our sales were generated from the sales of products for clinical sector. The sales of general waste bags for clinical sector increased significantly for the financial year ended 31 March 2010 as our Group had successfully established business relationship with a US customer, whereas our sales of film bags were on the decline for the period under review. Given that Directors considered a better growth potential in the clinical consumables market, our Group's future strategy will focus more on the products for clinical sector, while our Group will maintain the sales effort on our products for household sector and intend to maintain a stable sales in film bags. Going forward, it is anticipated that the future sales portion derived from the products for clinical sector

will increase. As there may be difference in the selling prices and gross margins of our products, our average selling price and overall gross profit margin will be affected by the change in our product mix.

Pricing of our products

The pricing of our products will be determined by several factors including manufacturing costs, price trend of similar products in the market and market supply and demand for our products. For the three years ended 31 March 2010 and three months ended 30 June 2010, the average selling price of our products were approximately HK$12,400 per ton, HK$13,400 per ton, HK$12,700 per ton and HK$13,100 per ton respectively. The average selling price of our products for household sector was approximately HK$12,400 per ton, HK$13,600 per ton, HK$11,800 per ton and HK$12,500 per ton, whereas the average selling price of our products for clinical sector was approximately HK$12,300 per ton, HK$12,400 per ton, HK$14,000 per ton and HK$13,600 per ton, respectively, for each of the three financial years ended 31 March 2010 and three months ended 30 June 2010.

Costs of raw materials

Raw materials accounted for a significant portion of our production costs. For the three years ended 31 March 2010 and three months ended 30 June 2010, our cost of raw materials were approximately HK$191.3 million, HK$217.6 million, HK$170.5 million and HK$52.9 million respectively, which accounted for approximately 87.0%, 88.0%, 51.0% and 59.4% of our cost of sales respectively. The primary raw material for the manufacturing of our hygienic disposable products is polyethylene. For the three years ended 31 March 2010 and three months ended 30 June 2010, the cost of polyethylene amounted to approximately HK$147.1 million, HK$181.4 million, HK$132.1 million and HK$44.9 million respectively, which accounted for approximately 76.9%, 83.3%, 77.5% and 84.8% of our total cost of raw materials, respectively. For the three years ended 31 March 2010 and three months ended 30 June 2010, our average purchase price of polyethylene were approximately HK$11,100 per ton, HK$10,800 per ton, HK$9,500 per ton and HK$10,600 per ton respectively. As polyethylene is a by-product of crude oil, the price of polyethylene depends to a large extent on the price of oil.

Our business expansion

Historically, the focus of our business activities was mainly in the UK, other European countries and the US, and we relied substantially on our Europe and US customers for our business. Going forward, it is part of our business strategy to expand our sales coverage to the PRC, initially through importing medical product (classified as Category II medical devices in accordance with the "Medical Devices Classification Index"* (《醫療器械分類目錄》)), and further through the construction of a new production facility in the PRC for manufacturing medical products (classified as Category I medical devices (classified in accordance with the "Medical Devices Classification Index"* (《醫療器械分類目錄》)). 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.

The degree of success in launching our business strategies will depend on a number of factors, including (without limitation) our ability to develop and maintain effective marketing and distributing presence in the PRC, our ability to commence and complete construction of our new production facility as planned, our ability to obtain the necessary licences, approvals and/or permits in a timely manner, and any unanticipated changes in prevailing economic conditions and regulatory requirements in the PRC, which in turn will have a material impact on our financial conditions and results of operations going forward.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We prepare our combined financial statements in conformity with Hong Kong Accounting Standards, HKFRS, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants, which requires us to make estimates and assumptions about the carrying amounts of assets and liabilities. We base our estimates on our past experience, expectations of the future and other information that we believe to be relevant under the circumstances. These estimates and underlying assumptions are reviewed by management on an ongoing basis. Actual results may differ from these estimates. We consider the policies discussed below to be critical to an understanding of our financial statements as their application places the most significant demands on our management's judgment.

Revenue recognition

We measure our revenue at the fair value of consideration received or receivable. We record our sales of goods when our products are delivered and title has passed.

Inventories

We measure inventories at the lower of cost and net realizable value. We compute the cost of inventories based on the weighted average principle. The cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overhead based on normal operating capacity.

We estimate the net realizable value of our inventories based primarily on the latest market prices and current market conditions. Our Group carries out an inventory review at the end of each reporting period and makes allowances on obsolete and slow moving items to write off inventories to their net realizable values. Where the expectation on the net realizable value is lower than the carrying amount, an impairment loss may arise. An impairment loss is recognized as an expense immediately.

Trade and other receivables

Trade and other receivables are initially recognized at fair value and are thereafter stated at amortized cost less any identified impairment losses. The impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate of these assets. When the actual future cash flows are less than expected, an impairment loss may arise. In the case of trade receivables, the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account.

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses. Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

Construction in progress includes property, plant and equipment in the course of construction for its own use purposes. Construction in progress is carried at cost less any recognized impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

In applying the accounting policy on property, plant and equipment with respect to depreciation, we estimate the useful lives of various categories of property, plant and equipment according to the industrial experiences over the usage of property, plant and equipment and also by reference to the relevant industrial norm. If the actual useful lives of property, plant and equipment is less than the original estimate useful lives due to changes in commercial and technological environment, such differences will impact the depreciation charge for the remaining period.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognized.

TRADING RECORD OF OUR GROUP DURING THE TRACK RECORD PERIOD

The following table is a summary of our Group's audited combined results during the Track Record Period, as extracted from the Accountants' Report as set out in Appendix I to this prospectus. Potential investors should read this section in conjunction with the Accountants' Report as set out in Appendix I to this prospectus and not rely merely on the information contained in this section.

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 March			Three months ended 30 June	
	2008	**2009**	**2010**	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Revenue	282,080	311,607	427,116	85,139	113,706
Cost of sales	(219,863)	(247,268)	(334,299)	(56,889)	(89,009)
	62,217	64,339	92,817	28,250	24,697
Other income	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	—	—	—	—	(3,746)
Profit before taxation	43,149	43,866	79,948	29,816	17,486
Taxation	—	(335)	(1,004)	(374)	(540)
Profit for the year/period	43,149	43,531	78,944	29,442	16,946
Other comprehensive income					
Exchange difference arising on translation	3,746	1,409	135	24	155
Total comprehensive income for the year/ period, attributable to owners of the Company	46,895	44,940	79,079	29,466	17,101
Earnings per share — basic *(HK cents)*	8.52	8.59	15.58	5.81	3.34

DESCRIPTION OF COMPONENTS OF RESULTS OF OPERATIONS

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business net of surcharges. Sales of goods is recognized when the goods are delivered and title has passed.

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:

Revenue by geographical market

	Year ended 31 March			Three months ended 30 June	
	2008	**2009**	**2010**	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
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
	282,080	311,607	427,116	85,139	113,706
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	250,349	259,047	225,169	66,700	53,398
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	31,731	52,560	201,947	18,439	60,308
Total	282,080	311,607	427,116	85,139	113,706

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 respectively.

Cost of sales

Cost of sales comprises cost of sales from manufacturing activity and trading activity. Cost of sales from manufacturing activity consists of raw materials costs, manufacturing costs and direct labour costs. Cost of raw materials primarily include cost for the purchase of polyethylene and ancillary raw materials. Manufacturing costs primarily include consumables, electricity and depreciation of production facilities. Direct labour costs primarily include compensation and benefits provided to manufacturing employees. Despite the increasing average wages of workers, the Group maintained stringent cost control by streamlining the number of labours without affecting our productivity during the Track Record Period. Cost of sales from trading activity represents purchasing cost of goods sold. The following table sets forth the components of cost of sales 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)	
Cost of sales					
— inventories	185,933	216,653	176,604	50,584	53,623
— manufacturing cost	26,385	24,351	22,400	4,511	3,726
— direct labour cost	7,545	6,264	6,496	1,794	1,539
— purchasing cost of goods sold	—	—	128,799	—	30,121
	219,863	247,268	334,299	56,889	89,009

The following table sets forth the components of cost of raw material 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)	
Polyethylene	147,059	181,360	132,071	40,952	44,852
Ancillary materials	44,249	36,239	38,421	8,723	8,026
	191,308	217,599	170,492	49,675	52,878

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* (unaudited)	*%*	*HK$'000*	*%*
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	62,217	22.1	64,339	20.6	92,817	21.7	28,250	33.2	24,697	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	2,697	8.5	737	1.4	18,163	9.0	2,300	12.5	6,003	10.0
Total	62,217	22.1	64,339	20.6	92,817	21.7	28,250	33.2	24,697	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 potion 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 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 maintained 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 the Group intended to maintain 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.

Other income

Other income mainly consists of exchange gain, bank interest income and imputed interest income arising on the amount due from a director.

Administrative expenses

Administrative expenses mainly consist of salaries, staff welfare expenses, amortization of prepaid lease payment, depreciation of property, plant and equipment in relation to administrative functions. Others include office expenses, audit fees, professional fees, bank charges and other taxes comprising land use tax, property tax and stamp duty in connection with administrative functions.

Selling and distribution expenses

Selling and distribution expenses mainly consist of transportation expenses, custom and inspection fees and commission paid to sales agents who may from time to time introduce new orders and/or customers to our Group. The basis for calculation of the sales commission paid to the sales agents was determined at the rate of US$20 to US$40 per ton depending on the type of products, and our Group promotes its products to its new and existing customers through its sales and marketing personnel and the sales agents.

Taxation

Our Group is subject to income tax on an individual legal entity basis on profit arising in or derived from the tax jurisdictions in which companies comprising our Group are domiciled or operate, including the PRC, Hong Kong and Macau.

(i) Hong Kong

On 26 June 2008, the Legislative Council of Hong Kong passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong profits tax is calculated at the rate of 16.5% of the estimated assessable profit for the years ended 31 March 2009 and 2010 and three months ended 30 June 2009 and 2010.

No provision for Hong Kong profits tax has been made in the financial statements as the Hong Kong subsidiaries of our Group had no assessable profit for the Track Record Period.

(ii) PRC

Prior to 2008, the Group's subsidiary in the PRC of a production nature established in the coastal economic open zones was subject to PRC Foreign Invested Enterprise Income Tax of 27% in accordance with the relevant income tax rules and regulations in the PRC.

On 16 March 2007, the National People's Congress of the PRC promulgated the Law of Enterprise Income Tax (the "**New EIT Law**") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulation of the EIT Law. Under the New EIT Law and Implementation Regulation, the statutory EIT rate of our Group's subsidiary in the PRC has been reduced to 25% from 1 January 2008 onwards.

Notwithstanding the above, under the old enterprise income tax system in the PRC, Huizhou Junyang, our PRC subsidiary, is entitled to exemptions from the FIEIT for two years commencing from its first profit-making year and thereafter entitled to a 50% relief from FIEIT for the next three years (the "**Manufacturing Income Tax Holidays**"). According to Guofa [2007] No. 39, the PRC enterprises which have started to enjoy the Manufacturing Income Tax Holidays before the effective date of the New EIT Law can continue to enjoy the remaining period of the Manufacturing Income Tax Holidays. For those PRC enterprises whose Manufacturing Income Tax Holidays has not yet started before the effective date of the New EIT Law, they are deemed to have started to enjoy them from 1 January 2008.

However, taking into account the relevant tax rules in relation to transfer pricing exposure and the tax position of Huizhou Junyang in the PRC, the first profit-making year is deemed to have started from the year ended 31 December 2007 and thus Huizhou Junyang calculated the FIEIT and EIT at 100% exemption respectively for the fiscal years ended 31 December 2007 and 2008, and at 50% EIT reduction and thus an effective rate of 12.5% for the fiscal years ended 31 December 2009, 2010 and 2011. As such, a tax provision based on the applicable EIT rate was made based on the estimated taxable profit of Huizhou Junyang for the year ended 31 December 2009. The transfer pricing report prepared for Huizhou Junyang revealed that the Transactional Net Margin Method ("**TNMM**") was selected as the most appropriate method for assessing the transfer pricing position of Huizhou Junyang. In applying the TNMM, the net cost plus ("**NCP**") ratio was selected as the profit level indicator to compare the profits achieved by Huizhou Junyang to other companies with similar operations and risk profiles. TNMM and NCP are commonly used by the PRC tax authorities for analyzing the transfer pricing position of contract manufacturers, and the comparable companies are selected in terms of functions performed, assets used and risks assumed. Based on the selected comparable companies, the inter-quartile range of NCP ratios of 0.69% and 6.64% was established and used as an arm's length benchmark range. Huizhou Junyang's NCP of 3.62% for the financial year ended 31 December 2009 fell within this range, and tax provision has been made thereon at 12.5% for the financial year ended 31 December 2009. The Directors are of the view that Huizhou Junyang's transfer pricing position should be considered to be in accordance with the requirements of the PRC transfer pricing regulations, and hence it should not have transfer pricing exposure for the financial year ended 31 December 2009.

(iii) Macau

As stated in the Decree Law No. 58/59/M, Chapter 2, Article 12, dated 18 October 1999 of Macau, and the relevant provisions, Macao offshore companies established in Macau is exempted from Macao Complementary Tax, provided that their operations are in accordance with the applicable offshore legislative provisions and local statutory

requirements, including (1) the company uses only non-Macao currency in its activities; (2) the company only targets non-Macao residents as customers; and (3) the company only focuses on non-Macao markets. Two-Two-Free is a Macao offshore company established in accordance with the Macao offshore law, and, as advised by our Directors, Two-Two-Free carried out transactions with non-Macao customers in non-Macao currency only at all times during the Track Record Period. As the business operations of Two-Two-Free are in accordance with its investment plan and in compliance with the Macao offshore law, Two-Two-Free is exempted from Macao Complementary Tax.

During the Track Record Period, no deferred tax asset has been recognized in respect of the tax losses due to the unpredictability of future profit streams.

Under the EIT Law in PRC, starting from 1 January 2008, withholding income tax at the rate of 10% is imposed on dividends declared in respect of profits earned from 1 January 2008 onwards to foreign investors for the companies established in the PRC. For qualified investors incorporated in Hong Kong, a treaty rate of 5% will be applicable. Deferred taxation has not been provided for in respect of temporary differences attributable to accumulated (losses) profits of Huizhou Junyang, which amounted to approximately HK$(10,288,000), HK$11,695,000, HK$(4,040,000) and HK$(2,671,000) as at 31 March 2008, 2009 and 2010 and 30 June 2010 respectively, as our Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

There was no other significant unprovided deferred taxation for the Track Record Period on or at the end of respective reporting period.

Despite its substantial profits during the Track Record Period, as advised by the Directors, our Group has a relatively low income tax liability given that Two-Two-Free is established as an offshore company in Macau and is exempted from Macau taxes. The purchases and sales of Two-Two-Free were concluded and effected in Macau and it did not conduct any business activities in Hong Kong, it was not subject to Hong Kong profits tax. Also, as Two-Two-Free did not maintain a fixed place of business outside Macau, nor did it conduct any business activities through its employees and agent outside Macau, the Directors consider that Two-Two-Free does not have a taxable presence in other jurisdictions.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATION

Financial year ended 31 March 2009 comparing to financial year ended 31 March 2008

Revenue

Our Group's revenue increased by approximately 10.5% from approximately HK$282.1 million for the financial year ended 31 March 2008 to approximately HK$311.6 million for the financial year ended 31 March 2009. The increase in revenue was mainly attributable to the increase in sales of products for clinical sector. The sales of our products for clinical sector increased by approximately 65.6% from approximately HK$31.7 million for the financial year ended 31 March 2008 to approximately HK$52.6

million for the financial year ended 31 March 2009. This was mainly resulted from the increase in sales volume in our products for clinical sector. For the financial year ended 31 March 2009, the sales volume of our products for clinical sector surged by approximately 64.3% to approximately 4,200 tons, while the sales volume of our products for household sector dropped by approximately 5.9% to approximately 19,000 tons. Despite the decline in sales volume, average selling price of products for household sector increased by approximately 9.7% to approximately HK$13,600 per ton.

Cost of sales

Our Group's cost of sales increased by approximately 12.5% from approximately HK$219.9 million for the financial year ended 31 March 2008 to approximately HK$247.3 million for the financial year ended 31 March 2009. The increase in cost of sales primarily reflected the increased sales volume of clinical hygienic disposables. Polyethylene was the main raw material for our Group's production. The consumption of polyethylene in products such as aprons was subject to product specifications required by customers.

Gross profit and gross profit margin

The gross profit of our Group increased slightly by approximately 3.4% from approximately HK$62.2 million for the financial year ended 31 March 2008 to approximately HK$64.3 million for the financial year ended 31 March 2009. The slight increase in gross profit was attributable to the increase in gross profit from our products for household sector, which was partially offset by the decline in gross profit from our products for clinical sector.

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 the Group intended to maintain good relationships with their customers.

Other income

Other income of our Group decreased by approximately 77.7% from approximately HK$4.6 million for the financial year ended 31 March 2008 to approximately HK$1.0 million for the financial year ended 31 March 2009. The decrease in other income was mainly attributable to the decrease in recognition of net exchange gain by approximately HK$3.8 million, which offset the imputed interest income arising on the amount due from a director of approximately HK$1.0 million. Net exchange gain was mainly resulted from the net effect of fluctuation of RMB against HK$ on the monetary items of our Group.

Administrative expenses

The administrative expenses of our Group increased by approximately 12.9% from approximately HK$9.5 million for the financial year ended 31 March 2008 to approximately HK$10.7 million for the financial year ended 31 March 2009. The increase in administrative expenses was mainly attributable to the recognition of net exchange loss of approximately HK$1.1 million. The net exchange loss was mainly resulted from the net effect of fluctuation of RMB against HK$ on the monetary items of our Group.

Selling and distribution expenses

The selling and distribution expenses of our Group decreased by approximately 23.9% from approximately HK$14.2 million for the financial year ended 31 March 2008 to approximately HK$10.8 million for the financial year ended 31 March 2009. The decrease in selling and distribution expenses of our Group was mainly attributable to the decrease in sales commission paid to sales agents, our sales and marketing personnel and one of our Directors by approximately HK$3.3 million. The amount of sales commission paid to our sales agents decreased by approximately 32.0% from approximately HK$2.3 million for the financial year ended 31 March 2008 to approximately HK$1.6 million for the financial year ended 31 March 2009. Approximately HK$1.9 million of sales commission were paid to one of our Directors in the financial year ended 31 March 2008. We ceased paying sales commission to any of our Directors subsequent to the year ended 31 March 2008.

Finance costs

There was no bank or other borrowings and hence no finance costs neither in the financial year ended 31 March 2009 nor in the financial year ended 31 March 2008.

Taxation

No provision for Hong Kong profits tax has been made in the financial statements as our Group entity had no assessable profit for the financial year ended 31 March 2009 and for the financial year ended 31 March 2008.

Provision for EIT has been made for the financial year ended 31 March 2009 and none FIEIT provision for the financial year ended 31 March 2008 as the Manufacturing Income Tax Holidays of Huizhou Junyang was started from 1 January 2007 and it was entitled to a 50% relief from FIEIT starting from 1 January 2009 for three years to 2011.

As stated in the Decree Law No. 58/59/M, Chapter 2, Article 12, dated 18 October 1999 of Macau, Two-Two-Free established in Macau is exempted from Macao Complementary Tax.

The effective tax rate was approximately 0.8% for the financial year ended 31 March 2009 because most of our profits for the period were generated by Two-Two-Free, which is established as an offshore company and is exempted from Macau tax, while other subsidiaries were either deriving minimal profits or incurring losses for the period under review.

Profit for the year

As a result of the foregoing, our Group's profit for the year increased slightly by approximately 0.9% from approximately HK$43.1 million for the financial year ended 31 March 2008 to approximately HK$43.5 million for the financial year ended 31 March 2009.

Exchange difference

Exchange difference decreased by approximately 62.4% from approximately HK$3.7 million for the financial year ended 31 March 2008 to approximately HK$1.4 million for the financial year ended 31 March 2009. The exchange difference arising on translation of monetary items decreased which was attributable to the decreasing rate of appreciation of the RMB against the HK$.

Total comprehensive income for the year attributable to owners of our Company

As a result of the foregoing, our Group's total comprehensive income for the year attributable to owners of our Company decreased by approximately 4.2% from approximately HK$46.9 million for the financial year ended 31 March 2008 to approximately HK$44.9 million for the financial year ended 31 March 2009.

Financial year ended 31 March 2010 comparing to financial year ended 31 March 2009

Revenue

Our Group's revenue increased by approximately 37.1% from approximately HK$311.6 million for the financial year ended 31 March 2009 to approximately HK$427.1 million for the financial year ended 31 March 2010. The increase in revenue was mainly attributable to the additional revenue arising from the trading business of general waste bags for clinical sector during the year under review. The total revenue derived from the products for clinical sector increased to approximately HK$201.9 million for the financial year ended 31 March 2010 mainly as a result of the commencement of our trading business. The sales volume of our products for clinical sector increased to approximately 14,400 tons, while that for household sector maintained at approximately 19,100 tons. The overall average selling price dropped by 4.7% to approximately HK$12,700 per ton as the average selling price of our self-manufactured products declined, despite the higher average selling price of our trading products for clinical sector. The average selling price of our products for clinical sector increased by approximately 12.9% to approximately HK$14,000 per ton, while that for household sector dropped by approximately 13.2% to approximately HK$11,800 per ton.

Cost of sales

Our Group's cost of sales increased by approximately 35.2% from approximately HK$247.3 million for the financial year ended 31 March 2009 to approximately HK$334.3 million for the financial year ended 31 March 2010. The increase in cost of sales primarily due to the commencement of the trading business of clinical hygienic disposables for the financial year ended 31 March 2010.

Gross profit and gross profit margin

The gross profit of our Group increased by approximately 44.3% from approximately HK$64.3 million for the financial year ended 31 March 2009 to approximately HK$92.8 million for the financial year ended 31 March 2010. The increase in gross profit was mainly attributable to the increase in gross profit from our self-manufactured products as well as the contribution from the trading business of general waste bags.

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 household and clinical sectors, respectively, mainly as a result of the decline in the purchasing price of polyethylene. However, the impact from the margin improvement on our self-manufactured products 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.

Other income

Other income of our Group increased from approximately HK$1.0 million for the financial year ended 31 March 2009 to approximately HK$7.5 million for the financial year ended 31 March 2010. This was mainly due to the net exchange gain of approximately HK$2.2 million and the imputed interest income arising on the amount due from a director of approximately HK$5.0 million for the year ended 31 March 2010.

Administrative expenses

The administrative expenses of our Group decreased by approximately 19.3% from approximately HK$10.7 million for the financial year ended 31 March 2009 to approximately HK$8.6 million for the financial year ended 31 March 2010. This decrease was mainly attributed to the effort made by our Group in cost control and that the net exchange loss of approximately HK$1.1 million recognized in the financial year ended 31 March 2009 was not recognized in the financial year ended 31 March 2010.

Selling and distribution expenses

The selling and distribution expenses of our Group increased by approximately 8.5% from approximately HK$10.8 million for the financial year ended 31 March 2009 to approximately HK$11.7 million for the financial year ended 31 March 2010. The amount of sales commission paid to our sales agents increased by approximately 136.7% from

approximately HK$1.6 million for the financial year ended 31 March 2009 to approximately HK$3.7 million for the financial year ended 31 March 2010. Despite the substantial increase in sales commission paid to our sales agents, our Group had controlled other selling and distribution expenses, given the increase in the total sales volume of our Group's self-manufactured products for the year under review.

Finance costs

There was no bank or other borrowings and hence no finance costs neither in the financial year ended 31 March 2010 nor in the financial year ended 31 March 2009.

Taxation

No provision for Hong Kong profits tax has been made in the financial statements as the Hong Kong subsidiaries of our Group entity had no assessable profit for the financial year ended 31 March 2010 and for the financial year ended 31 March 2009.

Provision for EIT increased from approximately HK$0.3 million for the financial year ended 31 March 2009 to approximately HK$1.0 million for the financial year ended 31 March 2010 which was attributed to the increase in assessable profit of Huizhou Junyang for the financial year ended 31 March 2010.

As stated in the Decree Law No. 58/59/M, Chapter 2, Article 12, dated 18 October 1999 of Macau, Two-Two-Free established in Macau is exempted from Macao Complementary Tax.

The effective tax rate was approximately 1.3% for the financial year ended 31 March 2010 because most of our profits for the period were generated by Two-Two-Free, which is established as an offshore company and is exempted from Macau tax, while other subsidiaries were either deriving minimal profits or incurring losses for the period under review.

Profit for the year

As a result of the foregoing, our Group's profit for the year increased by approximately 81.4% from approximately HK$43.5 million for the financial year ended 31 March 2009 to approximately HK$78.9 million for the financial year ended 31 March 2010.

Exchange difference

Exchange difference decreased by approximately 90.4% from approximately HK$1.4 million for the financial year ended 31 March 2009 to approximately HK$0.1 million for the financial year ended 31 March 2010. The exchange difference arising on translation of monetary items decreased which was attributable to the decreasing rate of appreciation of the RMB against the HK$.

Total comprehensive income for the year, attributable to owners of our Company

As a result of the foregoing, our Group's total comprehensive income for the year, attributable to owners of our Company increased by approximately 76.0% from approximately HK$44.9 million for the financial year ended 31 March 2009 to approximately HK$79.1 million for the financial year ended 31 March 2010.

Three months ended 30 June 2010 compared to three months ended 30 June 2009

Revenue

Our Group's revenue increased by approximately 33.6% from approximately HK$85.1 million for the three months ended 30 June 2009 to approximately HK$113.7 million for the three months ended 30 June 2010. The increase in revenue was mainly attributable to the growth in the sales of our manufactured general waste bags for clinical sector and the additional revenue arising from the trading business of general waste bags for clinical sector with our US customer, which was partially offset by the decrease in the sales of general waste bags for household sector. The Group did not experience any loss of customers for general waste bags for household sector for the period, while the sales value of some customers for such product declined.

Cost of sales

Our Group's cost of sales increased by approximately 56.5% from approximately HK$56.9 million for the three months ended 30 June 2009 to approximately HK$89.0 million for the three months ended 30 June 2010. The increase in cost of sales primarily due to the trading of clinical hygienic disposables with our US customer for the three months ended 30 June 2010 (which has not commenced during the comparable three months ended 30 June 2009).

Gross profit and gross profit margin

The gross profit of our Group decreased by approximately 12.6% from approximately HK$28.3 million for the three months ended 30 June 2009 to approximately HK$24.7 million for the three months ended 30 June 2010. The decrease in gross profit was mainly attributable to the decline in the sales of general waste bags for household sector, which has a higher profit margin compared to our other products.

The overall gross profit margin of our Group declined from approximately 33.2% for the three months ended 30 June 2009 to approximately 21.7% for the three months ended 30 June 2010. This was mainly attributable to the increasing sales portion of clinical sector products with a lower gross profit margin of approximately 10.0% as well as the decline in gross margins of products for household and clinical sectors for the three months ended 30 June 2010. The decrease in gross margin for clinical sector products was mainly attributed to the decrease in gross margin of our self-manufactured products for clinical sector as well as the contribution of lower gross margin from the trading business of the general waste bags for clinical sector.

Other income

Other income of our Group decreased from approximately HK$6.5 million for the three months ended 30 June 2009 to approximately HK$2.3 million for the three months ended 30 June 2010. This was mainly due to the decline in exchange gain from approximately HK$5.1 million for the three months ended 30 June 2009 to approximately HK$2.2 million.

Administrative expenses

The administrative expenses of our Group increased from approximately HK$1.9 million for the three months ended 30 June 2009 to approximately HK$2.8 million for the three months ended 30 June 2010. This was mainly due to the increase in staff costs by approximately HK$0.2 million to approximately HK$0.7 million.

Selling and distribution expenses

The selling and distribution expenses of our Group declined slightly from approximately HK$3.0 million for the three months ended 30 June 2009 to approximately HK$2.9 million for the three months ended 30 June 2010. The amount of sales commission paid to our sales agents decreased by approximately 57.4% from approximately HK$0.9 million for the three months ended 30 June 2009 to approximately HK$0.4 million for the three months ended 30 June 2010, whereas the transportation expense increased from approximately HK$1.5 million to approximately HK$1.6 million for the period under review.

Listing expenses

Our Group recorded a listing expenses of approximately HK$3.7 million for the three months ended 30 June 2010 in relation to this listing exercise.

Finance costs

There was no bank or other borrowings and hence no finance costs neither in the three months ended 30 June 2010 nor in the three months ended 30 June 2009.

Taxation

No provision for Hong Kong profits tax has been made in the financial statements as the Hong Kong subsidiaries of our Group entity had no assessable profit for the three months ended 30 June 2010 and for the three months ended 30 June 2009.

Provision for EIT increased from approximately HK$0.4 million for the three months ended 30 June 2009 to approximately HK$0.5 million for the three months ended 30 June 2010 which was attributed to the increase in assessable profit of Huizhou Junyang for the three months ended 30 June 2010.

As stated in the Decree Law No. 58/59/M, Chapter 2, Article 12, dated 18 October 1999 of Macau, Two-Two-Free established in Macau is exempted from Macao Complementary Tax.

The effective tax rate was approximately 3.1% for the three months ended 30 June 2010 because most of our profits for the period were generated by Two-Two-Free, which is established as an offshore company and is exempted from Macau tax, while other subsidiaries were either deriving minimal profits for the period under review.

Profit for the period

As a result of the foregoing, our Group's profit for the period declined by approximately 42.4% from approximately HK$29.4 million for the three months ended 30 June 2009 to approximately HK$16.9 million for the three months ended 30 June 2010.

Exchange difference

Exchange difference increased by approximately 546% from approximately HK$0.02 million for the three months ended 30 June 2009 to approximately HK$0.2 million for the three months ended 30 June 2010.

Total comprehensive income for the period, attributable to owners of our Company

As a result of the foregoing, our Group's total comprehensive income for the period, attributable to owners of our Company decreased by approximately 42.0% from approximately HK$29.5 million for the three months ended 30 June 2009 to approximately HK$17.1 million for the three months ended 30 June 2010.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Overview

During the Track Record Period, our Group's operations were generally financed through a combination of owners' equity and internally generated cash flows. The Directors believe that in the long term, our Group's operations will be funded by internally generated cash flows and, if necessary, additional equity financing and bank borrowings.

Cash flows

The following table sets out selected cash flow data from the combined statements of cash flows for 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* (unaudited)	*HK$'000*
NET CASH FROM OPERATING ACTIVITIES	4,797	102,606	21,664	12,110	47,039
NET CASH USED IN INVESTING ACTIVITIES	(14,035)	(98,666)	(34,658)	(9,893)	(24,528)
NET CASH FROM FINANCING ACTIVITIES	5,501	5,914	4,361	2,212	1,242
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,737)	9,854	(8,633)	4,429	23,753
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	11,336	7,980	17,861	17,861	9,237
Effect of foreign exchange rate changes	381	27	9	4	(8)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR represented by bank balances and cash	7,980	17,861	9,237	22,294	32,982

Net cash from operating activities

Net cash from operating activities was principally derived from the receipt of payments for the sale of our Group's products. Cash used in operating activities is mainly used to pay for costs and expenses relating to operating activities.

For the financial year ended 31 March 2008, the net cash from operating activities was approximately HK$4.8 million while the profit before taxation was approximately HK$43.1 million. The difference of approximately HK$38.3 million was mainly attributable to the adjustment of non-cash item, depreciation of property, plant and equipment of approximately HK$4.5 million and the cash outflow arising from (i) the increase in inventories of approximately HK$22.7 million; (ii) the increase in trade and other receivables and prepayments of approximately HK$12.7 million; and (iii) the decrease in trade and other payables and accruals of approximately HK$6.8 million.

For the financial year ended 31 March 2009, the net cash from operating activities was approximately HK$102.6 million while the profit before taxation was approximately HK$43.9 million. The difference of approximately HK$58.7 million was mainly attributable to the adjustment of non-cash item, depreciation of property, plant and equipment of

approximately HK$5.1 million and the cash inflow arising from (i) the decrease in inventories of approximately HK$35.8 million; and (ii) the decrease in trade and other receivables and prepayments of approximately HK$17.3 million.

For the financial year ended 31 March 2010, the net cash from operating activities was approximately HK$21.7 million while the profit before taxation was approximately HK$79.9 million. The difference of approximately HK$58.2 million was mainly attributable to the adjustment of non-cash item, depreciation of property, plant and equipment of approximately HK$5.3 million and the cash inflow arising from increase in trade and other payables and accruals of approximately HK$43.2 million net of the cash outflow arising from (i) increase in inventories of approximately HK$10.2 million; and (ii) increase in trade and other receivables and prepayments of approximately HK$91.8 million.

For the three months ended 30 June 2010, the net cash from operating activities was approximately HK$47.0 million while the profit before taxation was approximately HK$17.5 million. The difference was mainly arisen from the cash inflow arising from the decrease in inventories of approximately HK$8.8 million and decrease in trade and other receivables and prepayments of approximately HK$42.5 million, which was partially offset by the cash outflow arising from the decrease in trade and other payables and accruals of approximately HK$23.2 million.

Net cash used in investing activities

Cash flow used in investing activities mainly consisted of purchase of property, plant and equipment, increase in restricted bank deposits and advance to Directors. Cash flow from investing activities mainly consisted of interest received, decrease in restricted bank deposits and proceeds on disposal of property, plant and equipment.

For the financial year ended 31 March 2008, the net cash used in investing activities was approximately HK$14.0 million which was mainly due to advance to Directors of approximately HK$44.7 million, offset by repayment of amounts due from Directors of approximately HK$32.1 million, and purchase of property, plant and equipment of approximately HK$1.4 million.

For the financial year ended 31 March 2009, the net cash used in investing activities was approximately HK$98.7 million which was mainly due to advance to Directors of approximately HK$109.3 million, offset by repayment of amounts due from Directors of approximately HK$10.3 million.

For the financial year ended 31 March 2010, the net cash used in investing activities was approximately HK$34.7 million which was mainly due to advance to Directors of approximately HK$91.4 million, offset by repayment of amounts due from Directors of approximately HK$58.3 million, and purchase of property, plant and equipment of approximately HK$1.7 million.

For the three months ended 30 June 2010, the net cash used in investing activities was approximately HK$24.5 million which was mainly due to advance to Directors of approximately HK$24.4 million.

Net cash from financing activities

Cash flow from financing activities mainly consisted of advance from Directors. Cash flow used in financing activities mainly consisted of repayment to Directors and dividend paid.

For the financial year ended 31 March 2008, the net cash from financing activities was approximately HK$5.5 million which was due to the repayment to Directors of approximately HK$6.1 million and dividend payment of approximately HK$1.0 million, as offset by advance from Directors of approximately HK$12.6 million.

For the financial year ended 31 March 2009, the net cash from financing activities was approximately HK$5.9 million which was resulted from the repayment to Directors of approximately HK$89.5 million, as offset by advance from Directors of approximately HK$95.4 million.

For the financial year ended 31 March 2010, the net cash from financing activities was approximately HK$4.4 million which was due to the repayment to Directors of approximately HK$96.0 million, as offset by advance from Directors of approximately of HK$100.3 million.

For the three months ended 30 June 2010, the net cash from financing activities was approximately HK$1.2 million which was mainly due to advance from Directors of approximately HK$1.3 million.

Capital Expenditures

The following table sets out our estimated capital expenditures for the future development based on our future plan as set out in this prospectus:

	Estimated capital expenditures Year ending 31 March	
	2011	**2012**
	(HK$ million)	*(HK$ million)*
For the PRC market		
Acquisition of land use rights	29	—
Construction of production premises	28	6
Purchase of production equipment	17	144
Upgrading and addition of production facilities in Huizhou plant	—	34
Development of distribution channels in the PRC	—	23
For the US and European markets		
Development of distribution channels in the US, UK and other European markets	—	69
Total capital expenditures	74	276

Our Group expects to fund the estimated capital expenditures from the net proceeds of the Global Offerings, and as at the Latest Practicable Date, we did not make any commitments in respect of the above estimated capital expenditures.

Liquidity

Key financial ratios

	For the financial year ended 31 March			Three months ended 30 June
	2008	2009	2010	2010
Inventory turnover days *(Note 1)*	114.0	86.8	46.2	42.8
Trade receivables turnover days *(Note 2)*	48.6	39.0	63.1	79.8
Trade payables turnover days *(Note 3)*	24.2	17.1	37.2	43.9
Return on equity *(Note 4)*	40.7	29.6	34.9	16.4

	At 31 March			At 30 June
	2008	2009	2010	2010
Gearing ratio *(Note 5)*	—	—	—	—
Current ratio *(Note 6)*	1.4	1.3	2.1	1.6

Notes:

(1) Inventory turnover days equals average inventories, which equals inventories at the beginning of the period plus inventories at the end of the period and divided by two, divided by cost of inventories during such period and then multiplied by the number of days during such period.

(2) Trade receivables turnover days equals to the average trade and bills receivables which equals to trade and bills receivables at the beginning of the period plus trade and bills receivable at the end of the period divided by two, divided by the revenue during such period and then multiplied by the number of days during such period.

(3) Trade payables turnover days equals to the average trade payables, which equals trade payable at the beginning of the period plus trade payables at the end of the period and divided by two, divided by the cost of inventories during such period and then multiplied by the number of days during such period.

(4) Return on equity equals to the profit for each period divided by the closing balance of the total equity as at the end of the respective period multiplied by 100%.

(5) Gearing ratio is calculated by dividing total borrowings by total assets as at the end of the respective period multiplied by 100%.

(6) Current ratio is calculated by dividing current assets by current liabilities as at the end of the respective period.

Net current assets

Details of our Group's current assets and liabilities as of respective dates of the combined statements of the financial position are extracted as follows:

	Our Group					The Company	
	As at 31 March			As at 30 June	As at 30 November	As at 30 June	As at 30 November
	2008	2009	2010	2010	2010	2010	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*	*HK$'000* (Unaudited)
CURRENT ASSETS							
Inventories	69,434	33,607	43,773	34,965	55,345	—	—
Prepaid lease payments	192	197	198	198	202	—	—
Trade and other receivables and prepayments	50,287	32,942	124,754	82,163	99,230	—	—
Tax recoverable	288	—	—	—	3,361	—	—
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	19,962	—	—
	139,524	141,415	333,895	150,308	178,100	—	—
CURRENT LIABILITIES							
Trade and other payables and accruals	10,807	11,770	54,965	31,719	74,419	—	500
Amounts due to directors	89,472	95,964	100,325	61,202	—	—	—
Tax payable	—	335	1,339	1,879	3,948	—	—
	100,279	108,069	156,629	94,800	78,367	—	500
NET CURRENT ASSETS (LIABILITIES)	39,245	33,346	177,266	55,508	99,733	—	(500)

As at 31 March 2008, 2009 and 2010 and 30 June 2010, the net current assets totalled approximately HK$39.2 million, HK$33.3 million, HK$177.3 million and HK$55.5 million respectively, and the current ratio was 1.4, 1.3, 2.1 and 1.6, respectively.

As at 30 November 2010, we had net current assets of approximately HK$99.7 million. The key components of our current assets as of such date included inventories of approximately HK$55.3 million, trade and other receivables and prepayments of approximately HK$99.2 million and bank balances and cash of approximately HK$20.0 million. The key components of our current liabilities included trade and other payables and accruals of approximately HK$74.4 million. Our net current assets increased by 79.7% from approximately HK$55.5 million as at 30 June 2010 to approximately HK$99.7 million

as at 30 November 2010, primarily due to the increase in inventories of approximately HK$20.4 million, increase in trade and other receivables and prepayments of approximately HK$17.1 million and settlement of amounts due to directors of approximately HK$61.2 million. Such increase was partially offset by the increase of trade and other payables and accruals of approximately HK$42.7 million, as we intended to retain cash reserves for the settlement of amounts due to directors.

Working capital sufficiency

In light of the current liquidity position, and taking into account the estimated net proceeds available to us from the Global Offering and the projected cash generated from operations, the Directors confirm that our Group has sufficient working capital to satisfy its requirements for at least the next 12 months from the date of this prospectus.

Capital management

We manage our capital to ensure that we will be able to continue as a going concern while maximizing the return to our Shareholders through the optimization of the debt and equity balance. We regularly review and manage our capital structure taking into consideration the cost and the risks associated with each class of capital, and balance our overall capital structure through payment of dividends and raising of new capital as well as issue of debt. We had no bank borrowing during the Track Record Period and we made dividend distribution in the amount of HK$1,000,000 during the year ended 31 March 2008. We declared dividends amounting to HK$140 million to shareholders of our subsidiaries during the three months ended 30 June 2010, and was partially settled through the balances with directors. The balance of dividends was fully paid prior to the Global Offering.

Inventories

The balances of inventories as at the respective years end represented raw materials, work in progress and finished goods. Inventories were monitored on a regular basis. The following table sets out a summary of the inventory balances as at the dates indicated.

	As at 31 March			As at 30 June
	2008	**2009**	**2010**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At cost				
Raw materials	56,940	20,168	36,447	24,727
Work-in-progress	2,051	997	3,555	3,322
Finished goods	10,443	12,442	3,771	6,916
	69,434	33,607	43,773	34,965

Neither provision nor write-off of obsolete inventories was required or recognized during the Track Record Period.

Inventory balance decreased from approximately HK$69.4 million as at 31 March 2008 to approximately HK$33.6 million as at 31 March 2009 while inventory turnover days decreased from 114.0 days for the financial year ended 31 March 2008 to 86.8 days for the financial year ended 31 March 2009. The decrease in both inventories balance and inventory turnover days reflected the increasing effort on inventory management on raw materials.

Inventory balance increased from approximately HK$33.6 million as at 31 March 2009 to approximately HK$43.8 million as at 31 March 2010 while inventory turnover days decreased from 86.8 days for the financial year ended 31 March 2009 to 46.2 days for the financial year ended 31 March 2010. The decrease in inventory turnover day was mainly due to the increase in the cost of sales arising from its trading business for the year ended 31 March 2010.

Inventory balance decreased from approximately HK$43.8 million as at 31 March 2010 to approximately HK$35.0 million as at 30 June 2010 while inventory turnover days decreased from 46.2 days for the financial year ended 31 March 2010 to 42.8 days for the three months ended 30 June 2010. The decrease in inventory balance was mainly resulted from the lower inventory level for raw materials.

Trade and other receivables and prepayments

Our Group generally allows an average credit period of 30 days to 90 days to its trade customers. The aged analysis of our Group's trade receivables (net of allowance for doubtful debts) and bills receivables at the end of each reporting period are as follows:

	As at 31 March			As at 30 June
	2008	**2009**	**2010**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade and bills receivables				
0–30 days	18,093	22,118	27,141	40,627
31–60 days	11,730	4,916	29,274	34,467
61–90 days	9,749	—	64,303	3,645
	39,572	27,034	120,718	78,739

Before accepting any new customer, our Group assesses the potential customer's credit quality and defines its credit limits based on results from investigation of historical credit records of these customers. There was no trade receivable which is past due but not impaired.

Trade and bills receivables balance decreased from approximately HK$39.6 million as at 31 March 2008 to approximately HK$27.0 million as at 31 March 2009 while trade and bills receivables turnover days decreased from 48.6 days for the financial year ended 31

March 2008 to 39.0 days for the financial year ended 31 March 2009. The decrease in both trade receivables balance and trade receivables turnover days reflected the improvement of trade receivables collection process of our Group during the period under review.

Trade and bills receivables balances increased from approximately HK$27.0 million as at 31 March 2009 to approximately HK$120.7 million as at 31 March 2010 while trade and bills receivables turnover days increased from 39.0 days for the financial year ended 31 March 2009 to 63.1 days for the financial year ended 31 March 2010. The increase in trade and bills receivables balances was resulted from the commencement of trading business with one of the Group's customers in the US in 2009, in which the customer was granted with credit period of up to 90 days during the financial year ended 31 March 2010 and the trade and bills receivables turnover days was kept within the credit period of one to three months granted to our Group's customers.

Trade and bills receivables balances decreased from approximately HK$120.7 million as at 31 March 2010 to approximately HK$78.7 million as at 30 June 2010 while trade and bills receivables turnover days increased from 63.1 days for the financial year ended 31 March 2010 to 79.8 days for the three months ended 30 June 2010. The decrease in trade and bill receivables was mainly resulted from the collection of receivables from the Group's customer in the US for the trading business.

The subsequent settlement up to the Latest Practicable Date of the trade and bills receivables as at 30 June 2010 amounts to approximately HK$78.7 million.

The following table sets forth the other receivables and prepayments as at the respective dates of combined statements of financial position:

	As at 31 March			As at 30 June
	2008	**2009**	**2010**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Prepayments	7,781	5,666	3,057	2,383
Other receivables	2,934	242	979	1,041
	10,715	5,908	4,036	3,424

Other receivables balance decreased from approximately HK$10.7 million as at 31 March 2008 to approximately HK$5.9 million as at 31 March 2009. The decrease was due to (i) the decrease in prepayments to suppliers of approximately HK$2.1 million; and (ii) the decrease in other receivables represented mainly the VAT recoverables of approximately HK$2.8 million.

Other receivables balance decreased from approximately HK$5.9 million as at 31 March 2009 to approximately HK$4.0 million as at 31 March 2010. The decrease was mainly due to the net effect of (i) increase in listing fee capitalized of approximately HK$3.0 million; and (ii) decrease in prepayments to suppliers of approximately HK$5.5 million.

Other receivables balance decreased from approximately HK$4.0 million as at 31 March 2010 to approximately HK$3.4 million as at 30 June 2010. This was mainly due to the prepayment from approximately HK$3.1 million as at 31 March 2010 to approximately HK$2.4 million as at 30 June 2010.

Neither provision nor write-off of bad debt was required or recognized during the Track Record Period.

Trade and other payables and accruals

The aged analysis of our Group's trade payable as at the end of each reporting period is as follows:

	As at 31 March			As at 30 June
	2008	**2009**	**2010**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0–30 days	9,465	10,817	18,644	21,503
31–60 days	—	—	17,870	8,596
61–90 days	—	—	14,879	—
Over 90 days	—	—	—	262
	9,465	10,817	51,393	30,361

Trade payables balance increased from approximately HK$9.5 million as at 31 March 2008 to approximately HK$10.8 million as at 31 March 2009 while trade payables turnover days decreased from 24.2 days for the financial year ended 31 March 2008 to 17.1 days for the financial year ended 31 March 2009.

Trade payables balance increased from approximately HK$10.8 million as at 31 March 2009 to approximately HK$51.4 million as at 31 March 2010 while trade payables turnover days increased from 17.1 days for the financial year ended 31 March 2009 to 37.2 days for the financial year ended 31 March 2010. The increase in both trade payables balance and trade payable turnover days was attributable to the increase in purchase to cope with the increase in sales of our Group.

Trade payables balance decreased from approximately HK$51.4 million as at 31 March 2010 to approximately HK$30.4 million as at 30 June 2010 while trade payables turnover days increased from 37.2 days for the financial year ended 31 March 2010 to 43.9 days for the three months ended 30 June 2010. The decrease in trade payables balance was mainly due to the decrease in purchase for the period under review.

The following table sets forth the other payables and accruals as at the respective dates of combined statements of financial position:

	As at 31 March			As at 30 June
	2008	2009	2010	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Accruals	587	45	44	84
Other tax payables	543	618	2,760	609
Others	212	290	768	665
	1,342	953	3,572	1,358

INDEBTEDNESS

Borrowings

As at the close of business on 30 November 2010, being the latest practicable date for the purpose of ascertaining the indebtedness of our Group prior to the printing of this prospectus, our Group did not have any borrowings.

Securities and guarantees

As at the close of business on 30 November 2010, being the latest practicable date for the purpose of ascertaining the indebtedness of our Group prior to the printing of this prospectus, our Group did not provide any securities or guarantees.

Contingent liabilities

As at the close of business on 30 November 2010, being the latest practicable date for the purpose of ascertaining the indebtedness of our Group prior to the printing of this prospectus, our Group did not have any material contingent liabilities.

Capital commitments

As at the close of business on 30 November 2010, being the latest practicable date for the purpose of ascertaining the indebtedness of our Group prior to the printing of this prospectus, our Group did not have any material capital commitments, or hire-purchase commitments.

DISCLAIMERS

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 30 November 2010 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease commitments, guarantees or other material contingent liabilities.

OTHER FINANCIAL INFORMATION

Other Contractual Obligations and Contingent Liabilities

Our Group does not have any outstanding derivative financial instruments, guarantees or foreign currency forward contracts. Our Group is not engaged in trading activities involving non-exchange traded contracts.

Save as disclosed herein, the Directors confirm that there has not been any material change in the indebtedness and contingent liabilities of the Group since 30 June 2010.

Related party disclosures

(i) Related party transactions

During the Track Record Period, our Group entered into the following transactions and balances with related parties:

Name of related party	Nature of transactions	Year ended 31 March			Three months ended 30 June	
		2008	2009	2010	2009	2010
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Mr. Chum	Deemed interest income *(note 1)*	—	1,000	5,000	1,250	—
Ms. Shirley Chum	Commission paid *(note 3)*	594	—	—	—	—
Speedy Fortune (Hong Kong) Limited *(note 2)*	Sales of goods	—	1,198	5,007	878	1,185

Notes:

1. The deemed interest income represented the interest income in respect of the non-current portion (that is, not repayable within the next twelve months from the end of the reporting period) of the interest-free advances to our Directors, which amounted to approximately HK$11,000,000, HK$61,000,000, HK$Nil and HK$Nil as at each of 31 March 2008, 2009 and 2010 and 30 June 2010. The deemed interest income arose as a result of measuring the non-current portion of the interest-free dues from our Directors at amortized cost using the effective interest method at 8.1% and 7.6% per annum for the years ended 31 March 2008 and 2009. All amounts due to Director outstanding as 31 March 2010 are classified as current as the amounts are expected to be settled before listing. Please refer to note 17 of the Accountants' Report under Appendix I to this prospectus for further details.

2. Ms. Shirley Chum was a director of Speedy Fortune (Hong Kong) Limited. The gross profit margins derived from the sales with Speedy Fortune (Hong Kong) Limited for the two years ended 31 March 2010 and the three months ended 30 June 2010 were approximately 48.7%, 39.7% and 42.1% respectively.

3. The commission paid to Ms. Shirley Chum for the year ended 31 March 2008 was for the introduction of new orders to our Group during the year.

4. The commission paid to Mrs. Chum for the year ended 31 March 2008 was for the introduction of new orders to our Group during the year and was recognised as the emoluments paid to the directors.

As all outstanding balance of the temporary fund transfers will be settled before the Listing, the deemed interest income arising therefrom will discontinue after the Listing.

All the amounts due to a director of approximately HK$89,472,000, HK$95,964,000, HK$100,325,000 and HK$61,202,000 as at 31 March 2008, 31 March 2009, 31 March 2010 and 30 June 2010 respectively arose from temporary fund transfer which was non-trade in nature and will be repayable within one year. During the Track Record Period, no deemed interest expense was recognized.

The commission paid to each of Mrs. Chum and Ms. Shirley Chum and the sales of goods with Speedy Fortune (Hong Kong) Limited have discontinued as at the Latest Practicable Date.

(ii) Related party balances

The detail of the related party balances during the Track Record Period is set out in note 17 of the Accountants' Report in Appendix I to this prospectus.

(iii) Compensation of key management personnel

The emolument of directors who are also identified as members of key management of our Group during the Track Record Period is set out in note 10 of the Accountants' Report in Appendix I to this prospectus.

Pledge of assets

As the end of each reporting period, the following assets were pledged to secure a bank guarantee which was given to the PRC custom authority as deposit for importing raw materials from overseas to the PRC. The interim removal of such requirement by the PRC MOFCOM and custom authority was announced in November 2008. Hence the Group is no longer required to make security deposit for Huizhou Junyang.

	As at 31 March			As at 30 June
	2008	**2009**	**2010**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Restricted bank deposit	517	—	—	—
Buildings	13,027	12,696	—	—
Prepaid lease payments	4,053	—	—	—
Total pledged assets	17,597	12,696	—	—

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign exchange rate risk

Our domestic purchases and operating expenses incurred in our Huizhou production plant are denominated in RMB while our overseas sales and purchases are mainly denominated in USD. Our foreign currency exchange risk arises mainly from a mismatch between the currency of our sales, purchases and operating expenses. To the extent that our sales, purchases and operating expenses are not denominated in the same currency, and to the extent that there are timing differences between invoicing, payment and collections, we will be exposed to foreign currency exchange gains and losses arising from transactions in currencies other than RMB. Currently, we do not have any hedging policy with respect to our foreign exchange exposure. We will continue to monitor our foreign exchange exposure and will consider hedging any material foreign exchange exposure through foreign exchange forward contracts or swaps should the need arise.

Credit risk

We have a high concentration of credit risk as our five largest customers accounted for approximately 96.3%, 85.8%, 98.1% and 95.5% of our total trade receivables for the three years ended 31 March 2010 and three months ended 30 June 2010 respectively. Such a concentrated trade receivables was mainly resulted from our credit policy granted to our stable customers so as to maintain a good and long-term relationship with our major customers. To mitigate our credit risk in light of our relatively high customer concentration, we have delegated staff responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure follow-up action is taken to recover overdue debts. Our management also performs periodic evaluations and customer visits to ensure our Group's exposure to bad debts is not significant and adequate impairment losses are made for irrecoverable amount. In addition, it is part of our future plans to develop the PRC markets for hygienic disposables and medical products which will serve to broaden our customer base and reduce our reliance on any particular key customer.

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.

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 was 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.

DISTRIBUTABLE RESERVES

Our distributable reserves consist of share premium and retained earnings. Under the Companies Law, the share premium account is distributable to shareholders if immediately following the date on which our Company proposes to distribute the dividend, our Company will be in a position to pay its debts as they fall due in the ordinary course of business. As of 30 June 2010, there were no reserves available for distribution to the shareholders.

PROFIT ESTIMATE

On the bases and assumptions set out in Appendix III to this prospectus, and including the assumption that the current group structure was in existence throughout the period ended 30 September 2010, and in the absence of unforeseen circumstances, we estimate that the combined profit attributable to the owners of our Company for the six months ended 30 September 2010 will be not less than HK$40 million.

Our Directors have prepared the estimate of the combined profit attributable to owners of our Group for the period ended 30 September 2010, 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. The estimate has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by our Group as set out in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

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.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted net tangible assets of our Group prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering on the net tangible assets of our Group attributable to the owners of our Company as at 30 June 2010 as if the Global Offering had taken place on 30 June 2010.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of our Group as at 30 June 2010 or at any future dates following the completion of the Global Offering.

	Audited combined net tangible assets attributable to owners of our Company as at 30 June 2010[1]	Estimated net proceeds from the Global Offering[2]	Unaudited pro forma adjusted net tangible assets attributable to owners of our Company	Unaudited pro forma adjusted net tangible assets attributable to owners of our Company per Share[3]
	HK$'000	*HK$'000*	*HK$'000*	*HK$*
Based on an Offer Price of HK$1.85 per Share	103,154	270,866	374,020	0.56
Based on an Offer Price of HK$2.26 per Share	103,154	331,786	434,940	0.65

Notes:

(1) The audited combined net tangible assets attributable to owners of our Company as at 30 June 2010 have been derived from the net assets of the Group as set out in the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on 160,000,000 shares to be issued under the Global Offering and the Indicative Offer Price range of HK$1.85 per Share and HK$2.26 per Share, respectively, after deduction of the underwriting fees and other related expenses payable by our Company. No account has been taken of the Shares which may fall to be issued upon exercise of the Over-allotment Option.

(3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 666,666,000 Shares were in issue assuming that the Global Offering had been completed on 30 June 2010 but takes no account of any Shares which may fall to be issued upon exercise of the Over-allotment Option.

(4) By comparing the valuation of our Company's property interests of approximately HK$58,821,000 as set out in Appendix IV to this prospectus and the unaudited net book value of these properties as at 30 September 2010, the net valuation surplus is approximately HK$29,993,000, which has not been included in the above net tangible assets attributable to owners of our Company as at 30 June 2010. The revaluation of our Group's property interests will not be incorporated in our Group's financial information. If the revaluation surplus is to be included in our Group's financial information, an additional depreciation and amortization charge of approximately HK$2,927,000 per annum related to land use right would be recorded.

PROPERTY VALUATION

Jones Lang LaSalle Sallmanns Limited, an independent property valuer, has valued our property interests, including land use rights as of 30 September 2010 at HK$58,821,000. The texts of its letter, summary of valuation and valuation certificates are set out in Appendix IV to this prospectus. A reconciliation of the property interests of our Group and the valuation of such property interests as required under Rule 5.07 of the Listing Rules is set out below:

	HK$'000
Net book value of property interests as of 30 June 2010 (audited)	30,428
Add: Exchange realignment	93
Less: Depreciation and amortization for the three months ended 30 September 2010	(1,693)
Net book value as of 30 September 2010 (unaudited)	28,828
Add: Valuation surplus as of 30 September 2010	29,993
Valuation as of 30 September 2010 as per Appendix IV to this prospectus	58,821

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there are no circumstances which would give rise to a disclosure under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there is no material adverse change in our financial position since 30 June 2010 (being the date to which our latest combined financial information was prepared in the Accountants' Report set out in Appendix I to this prospectus).

INTERNATIONAL UNDERWRITERS

Guotai Junan Securities (Hong Kong) Limited
Ever-Long Securities Company Limited
Oriental Patron Securities Limited

HONG KONG UNDERWRITERS

Guotai Junan Securities (Hong Kong) Limited
Ever-Long Securities Company Limited
First Shanghai Securities Limited
Oriental Patron Securities Limited
OSK Securities Hong Kong Limited

ADDRESSES OF UNDERWRITERS

Guotai Junan Securities (Hong Kong) Limited
27th Floor, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Ever-Long Securities Company Limited
18th Floor, Dah Sing Life Building
99–105 Des Voeux Road Central
Hong Kong

First Shanghai Securities Limited
19th Floor, Wing On House
71 Des Voeux Road Central
Hong Kong

Oriental Patron Securities Limited
27th Floor
Two Exchange Square
8 Connaught Place
Central
Hong Kong

OSK Securities Hong Kong Limited
12th Floor, World-Wide House
19 Des Voeux Road Central
Central
Hong Kong

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company has agreed to offer the Hong Kong Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to, among other conditions, the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus by the Listing Committee and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally agreed to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Public Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Public Offer Shares are subject to termination if certain events, including force majeure, shall occur at any time at or before 8:00 a.m. (Hong Kong time) on the Listing Date. The Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) have the right, in their sole and absolute discretion, to terminate the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement if they see fit upon the occurrence of any of the following events:

(a) there has come to the notice of the Sole Global Coordinator that:

  (i) any statement contained in this prospectus, the Application Forms or any other relevant documents used in connection with the Global Offering ("**Offer Documents**") considered by the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) in its sole and absolute opinion to be material in the context of the Global Offering, was, when it was issued, or has become, untrue, incorrect or misleading in any respect or that any forecast, expression of opinion, intention or expectation expressed in any Offer Documents is not, in the sole and absolute opinion of the Sole Global Coordinator, in all material respects, fair and honest and based on reasonable assumptions, when taken as a whole; or

  (ii) any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the date of this prospectus, constitute an omission therefrom considered by the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) in its sole and absolute opinion to be material in the context of the Global Offering; or

(iii) any of the representations and warranties given by our Company in the Hong Kong Underwriting Agreement or the International Underwriting Agreement is (or would when repeated be) untrue, inaccurate or misleading or having been breached and considered by the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) in its sole and absolute opinion to be material in the context of the Global Offering; or

(iv) any breach of any of the obligations or undertakings imposed upon any party (other than the Sole Global Coordinator or any of the Underwriters) to any of the Underwriting Agreements; or

(v) any material adverse change or prospective material adverse change in the condition, business, assets and liabilities, properties, results of operations, in the financial or trading position or prospect of any member of our Group; or

(vi) approval by the Listing Committee of the listing of, and permission to deal in, the Shares is refused or not granted, other than subject to customary conditions, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(vii) the Company withdraws any of the Offer Documents (and/or any other documents used in connection with the contemplated subscription of the Offer Shares) or the Global Offering; or

(viii) any matter, event, act or omission which gives or is likely to give rise to any material liability of our Company pursuant to the indemnities given by our Company; or

(ix) any person (other than the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Offer Documents or to the issue of any of the Offer Documents; or

(b) there shall develop, occur, exist or come into effect:

(i) any change or development involving a prospective change in, or any event or series of events resulting or likely to result in or representing any change or development in local, national, regional or international financial, political, military, industrial, legal, economic, currency market, fiscal or regulatory or market matters or conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Renminbi against any foreign currencies) in or affecting Hong Kong, Macau, China, the Cayman Islands, the British Virgin Islands, the United States, the United Kingdom, Canada, the European Union (or any member thereof), Japan, Singapore or any other relevant jurisdiction (each a "**Relevant Jurisdiction**"); or

(ii) any new law or regulation or any change or development involving a prospective change in any existing law or regulation, or any change in the interpretation or application thereof by any court or other competent authority in or affecting any Relevant Jurisdiction; or

(iii) any event or series of events in the nature of force majeure (including, without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, civil commotion, acts of war, riot, public disorder, acts of terrorism (whether or not responsibility has been claimed), acts of God, epidemic, outbreak of infectious disease (including without limitation SARS and Influenza A (H5N1), in or affecting any of the Relevant Jurisdictions; or

(iv) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any of the Relevant Jurisdictions; or

(v) (A) any suspension or limitation on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the Nasdaq National Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, or (B) a general moratorium on commercial banking activities in any of the Relevant Jurisdictions declared by the relevant authorities, or a disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions; or

(vi) any material adverse change or development or event involving a prospective material adverse change in taxation or exchange controls (or the implementation of any exchange control), currency exchange rates or foreign investment regulations in any of the Relevant Jurisdictions; or

(vii) any imposition of economic sanctions, in whatever form, directly or indirectly, by any of the Relevant Jurisdictions; or

(viii) any material adverse change or development or event involving a prospective material adverse change in our Group's assets, liabilities, profit, losses, performance, condition, business, financial, earnings, trading position or prospects; or

(ix) the commencement by any judicial or regulatory body or organisation of any public action against a Director or an announcement by any judicial or regulatory body or organisation that it intends to take any such action; or

(x) other than with the approval of the Sole Global Coordinator, the issue or requirement to issue by our Company of a supplementary prospectus or offering document pursuant to the Companies Ordinance or the Listing Rules in circumstances where the matter to be disclosed is, in the opinion of the Sole Global Coordinator materially adverse to the marketing for or implementation of the Global Offering; or

(xi) a petition is presented for the winding up or liquidation of our Company or any of its subsidiaries, or our Company or any of its subsidiaries make any compromise or arrangement with our Company's or our creditors or enter into a scheme of arrangement or any resolution is passed for the winding-up of our Company or any of our subsidiaries or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of the Company or any of our subsidiaries or anything analogous thereto occurs in respect of the Company or any of our subsidiaries; or

(xii) a valid demand by any creditor for repayment or payment of any of the Company's indebtedness or those of any of our subsidiaries or in respect of which our Company or any of our subsidiaries are liable prior to its stated maturity, or any loss or damage sustained by our Company or any of its subsidiaries (howsoever caused and whether or not the subject of any insurance or claim against any person); or

(xiii) any material litigation or claim being threatened or instigated against our Company or any of our subsidiaries or the Controlling Shareholders,

and which, in any of the above cases and in the sole opinion of Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters):

(a) is or may or will be or is likely to be materially adverse to, or materially and prejudicially affect, the business or financial or trading position or prospects of our Company or our subsidiaries as a whole; or

(b) has or may have or will have or is likely to have an adverse effect on the success of the Global Offering and/or make it impracticable or inadvisable for any part of this Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged; or

(c) makes or may make or will or is likely to make it inadvisable or inexpedient to proceed with the Hong Kong Public Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus.

Undertakings

Pursuant to the Hong Kong Underwriting Agreement, our Company has undertaken to each of the Sole Global Coordinator, the Sole Bookrunner, the Sole Sponsor, the Sole Lead Manager and the Hong Kong Underwriters that except pursuant to the Global Offering, the Over-allotment Option and options which may be granted under any share option scheme of any member of the Group or with the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, our Company will not, at any time within the period commencing from the date of this prospectus and ending on the date which is six months from the Listing Date ("**First Six Months Period**"), (a) offer, accept subscription for, pledge, issue, sell, lend, mortgage, assign, charge, contract to issue or sell, sell any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any such share capital or other securities of our Company or any interest therein (including, but not limited to, any securities that are convertible into or exchangeable for, or that represent the right to receive any such capital or securities or any interest therein; or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such capital or securities or any interest therein; or (c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; (d) agree or contract to, or publicly announce any intention to enter into, any transaction described in (a) or (b) above; whether any such transaction described in (a) or (b) or (c) above is to be settled by delivery of Shares or other securities, in cash or otherwise.

Each of the Controlling Shareholders has jointly and severally undertaken to each of the Sole Global Coordinator, Sole Bookrunner, the Sole Sponsor, the Sole Lead Manager, our Company and the Hong Kong Underwriters that:

(i) during the First Six Months Period, it shall not, and shall procure that the relevant registered holder(s) and its associates and companies controlled by it and any nominee or trustee holding in trust for it shall not, without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless pursuant to the Stock Borrowing Agreement or otherwise in compliance with the requirements of the Listing Rules, (a) offer, pledge, charge (other than any pledge or charge of the Company's issued share capital after the Global Offering (assuming the Over-allotment Option is not exercised) in favour of an authorised institution as defined in the Banking Ordinance (Cap. 155 of the Laws of Hong Kong) for a bona fide commercial loan), sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any share capital or other securities of our Company or any interest therein (including, but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any such capital or securities or any interest therein); or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any

of the economic consequences of ownership of any such capital or securities or any interest therein; or (c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; or (d) agree or contract to, or publicly announce any intention to enter into, any transaction described in (a) or (b) or (c) above, whether any such transaction is to be settled by delivery of such capital or securities, in cash or otherwise;

(ii) during the period of six months immediately following the expiry of the First Six Months Period ("**Second Six Months Period**"), it will not enter into any of the transactions specified in Clauses (i)(a), (b) or (c) above or agree or contract to or publicly announce any intention to enter into any such transaction if, immediately following such transfer or disposal, it will cease to be a "controlling shareholder" (as the term is defined in the Listing Rules) of our Company; and

(iii) until the expiry of the Second Six Months Period, in the event that it enters into any such transactions or agrees or contracts to, or publicly announces any intention to enter into any such transactions, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

Each of the Controlling Shareholders has further undertaken to each of our Company, the Sole Global Coordinator, the Sole Bookrunner, the Sole Sponsor, the Sole Lead Manager and the Hong Kong Underwriters that, from the date of this prospectus up to and including the expiry of the Second Six Months Period, it will:

(i) when it pledges or charges any securities or interests in the securities of our Company, immediately inform our Company and the Sole Global Coordinator in writing of such pledge or charge together with the number of securities and nature of interest so pledged or charged; and

(ii) if and when it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company and the Sole Global Coordinator in writing of such indications.

Our Company will inform the Stock Exchange in writing as soon as it has been informed of any of the matters referred to above (if any) by the relevant Controlling Shareholder and disclose such matters by way of a press announcement to be published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

International Placing

In connection with the International Placing, it is expected that our Company and the Selling Shareholder, will enter into the International Underwriting Agreement with, inter alia, the International Underwriters. Under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions, severally agree to subscribe or buy or procure subscribers or purchasers for the International Placing Shares being offered pursuant to the International Placing.

Our Company and the Selling Shareholder are expected to grant to the Sole Global Coordinator the Over-allotment Option, exercisable by the Sole Global Coordinator (on behalf of the International Underwriters) at any time from the date of the International Underwriting Agreement until 30 days from the date of the last day of lodging applications under the Hong Kong Public Offering to require our Company to allot and issue up to an aggregate of 18,500,000 additional New Shares and the Selling Shareholder to sell up to an aggregate of 10,000,000 additional Sale Shares, representing 15% of the initial Offer Shares in aggregate, at the same price per Share under the International Placing to cover, among other things, over-allocations (if any) in the International Placing.

Commission and expenses

The Underwriters will receive an underwriting commission of 3% on the aggregate Offer Price of all the Offer Shares, out of which any sub-underwriting commission will be paid.

The underwriting commissions, listing fees, Stock Exchange trading fee and transaction levy, legal and printing and other professional fees and other expenses relating to the Global Offering are payable by our Company and the Selling Shareholder.

Activities by Syndicate members

Set out below is a variety of activities that the Underwriters of the Hong Kong Public Offering and the International Placing, together referred to as "Syndicate Members", may each individually undertake, and which do not form part of the underwriting or the stabilizing process. It should be noted that when engaging in any these activities the Syndicate Members are subject to restrictions, including the following:

(a) under the agreement among the Syndicate Members, none of the Underwriters (except for the Sole Global Coordinator, its affiliate(s) or any person(s) acting for it for the purpose of taking any stabilising action) will, and each of the Underwriters will procure that none of its respective affiliates and agents will, in connection with the distribution of the Offer Shares, effect, cause or authorise any other person to effect any transactions including, but not limited to issuing options or derivatives on the underlying Shares (whether in the open market or otherwise and whether in Hong Kong or elsewhere) with a view to stabilising or maintaining the market price of any of the Shares at a level higher than that which might otherwise prevail in the open market or any action which is designed to or

which constitutes or which might be expected to, cause or result in the stabilization or manipulation, in violation of applicable laws, of the price of any security of the Company; and

(b) none of the Underwriters (other than the Sole Global Coordinator or its affiliate(s) or any other person(s) acting for it for the purpose of taking any stabilising action), will, during the period which begins on the commencement of trading of the Shares on the Stock Exchange and ends on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering, issue any warrant, option or derivative on the underlying Shares (whether in the open market or otherwise), except with the prior written consent of the Sole Global Coordinator.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares and entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have the Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their or part of their underlying assets, whether on the Stock Exchange or on any other stock exchange, the rules of the relevant exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All of these activities may occur both during and after the end of the stabilizing period described under the paragraphs headed "Over-allotment Option" and "Stabilization actions" under the sub-section headed "Over-allocation and Stabilization" under the section headed "Structure of the Global Offering" in this prospectus. These activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares, and the volatility of the Shares and their share price, and the extent to which this occurs from day to day cannot be estimated.

Underwriters' interests in our Company

Save for their obligations under the Underwriting Agreements, none of the Underwriters has any shareholding interests in our Company nor has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Shares in our Company nor any interest in the Global Offering.

Indemnity

Our Company has agreed to indemnify the Hong Kong Underwriters against certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Sponsor's Independence

CCBIC satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

PRICE DETERMINATION OF THE GLOBAL OFFERING

The Offer Price will be not more than HK$2.26 per Share and is expected to be not less than HK$1.85 per Share. Based on the maximum Offer Price of HK$2.26 per Share, plus 1% brokerage fee, 0.003% SFC transaction levy and 0.005% Stock Exchange trading fee, one board lot of 2,000 Shares will amount to a total of HK$4,565.57.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder) on the Price Determination Date, which is expected to be on or around Thursday, 6 January 2011 and, in any event, not later than Tuesday, 11 January 2011. If, for any reason, the Offer Price is not agreed by Tuesday, 11 January 2011 by the Sole Global Coordinator (on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder), the Global Offering will not proceed and will lapse.

Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Sole Global Coordinator (on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), and on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.newtreegroupholdings.com** notices of the reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range. Upon issue of such a notice, the number of Offer Shares offered in the Global offering and/or the revised offer price range will be final and conclusive and the offer price, if agreed upon by the Sole Global Coordinator (on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder), will be fixed within such revised offer price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global offering and/or the indicative offer price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.

Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. **Applicants under the Hong Kong Public Offering should note that in no circumstances can applications be withdrawn once submitted, even if the number of Offer Shares being offered under the Global offering and/or the offer price range is so reduced**, except where a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public

notice under that section before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which limits the responsibility of that person for this prospectus, in which case applications made may be revoked before the said fifth day. In the absence of any such notice so published, the Offer Price, if agreed upon by our Company (for ourselves and on behalf of the Selling Shareholder) with the Sole Global Coordinator (on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The final Offer Price, the levels of indication of interest in the Global offering, the results of applications and the basis of allotment of Offer Shares under the Hong Kong Public Offering, are expected to be announced on Wednesday, 12 January 2011 in the manner set out in the section headed "How to apply for the Hong Kong Public Offer Shares — Applying by using a **WHITE** or **YELLOW** Application Form — Results of allocation" in this prospectus.

CONDITIONS

Acceptance of all applications for Offer Shares pursuant to the Global Offering will be conditional on, among others:

(i) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue, the Offer Shares to be issued pursuant to the Global Offering, and any Shares which may fall to be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under Share Option Scheme;

(ii) the Offer Price having been fixed on or around the Price Determination Date;

(iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Underwriters under each of the Hong Kong Underwriting Agreement and the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the respective agreements (unless and to the extent such conditions are validly waived on or before such dates and times by the Sole Global Coordinator for and on behalf of the Underwriters) and in any event not later than 8:00 a.m. on the Listing Date, which is currently expected to be Thursday, 13 January 2011.

If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder) by Tuesday, 11 January 2011, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offering to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.newtreegroupholdings.com** on the next business day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to apply for Hong Kong Public Offer Shares" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares are expected to be issued on Wednesday, 12 January 2011 but will only become valid certificates of title at 8:00 a.m. on Thursday, 13 January 2011 provided that (i) the Global Offering has become unconditional in all respects; and (ii) the right of termination as described in the section headed "Underwriting — Underwriting arrangements and expenses — Hong Kong Public Offering — Grounds for termination" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of share certificates or prior to the share certificates bearing valid certificates of title do so entirely at their own risk.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering which forms part of the Global Offering. CCBIC is the Sole Sponsor for the listing of the Shares on the Stock Exchange and Guotai Junan Securities is the Sole Global Coordinator and Sole Bookrunner of the Global Offering.

The Global Offering consists of (subject to adjustment and the Over-allotment Option):

(i) the Hong Kong Public Offering of initially 19,000,000 Offer Shares (subject to adjustment as mentioned below) in Hong Kong as described in the paragraph headed "Hong Kong Public Offering" in this section below; and

(ii) the International Placing of initially 171,000,000 Offer Shares (subject to adjustment and the Over-allotment Option as mentioned below) (comprising 141,000,000 New Shares and 30,000,000 Sale Shares) outside the United States in reliance on Regulation S.

Investors may apply for Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the Offer Shares under the International Placing, but may not do both. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received Offer Shares in the International Placing, and to identify and reject indications of interest in the International Placing from investors who have applied for Hong Kong Public Offer Shares in the Hong Kong Public Offering. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The

International Placing will involve selective marketing of Offer Shares to professional, institutional and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. The International Underwriters are soliciting from prospective investors' indications of interest in acquiring the Offer Shares in the International Placing. Prospective professional, institutional and other investors will be required to specify the number of Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to the Price Determination Date.

The number of Offer Shares to be offered under the Hong Kong Public Offering and International Placing respectively may be subject to reallocation and, in the case of the International Placing only, the Over-allotment Option as set out in the paragraph headed "Over-allocation and Stabilization" in this section below.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) agreeing on the Offer Price. Our Company and the Selling Shareholder expect to enter into the International Underwriting Agreement relating to the International Placing on the Price Determination Date. Details of the underwriting arrangements are summarized in the section headed "Underwriting" in this prospectus.

HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 19,000,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of Shares between (i) the International Placing; and (ii) the Hong Kong Public Offering as mentioned below, the number of the Hong Kong Public Offer Shares will represent approximately 2.85% of our Company's issued share capital immediately after completion of the Global Offering assuming that the Over-allotment Option is not exercised.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraph headed "Conditions" in this section above.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate,

consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Public Offer Shares.

The total number of Offer Shares available under the Hong Kong Public Offering (after taking into account of any reallocation referred to below) is to be divided into two pools (subject to adjustment of odd lot size) for allocation purposes: pool A and pool B. The Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Public Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and Stock Exchange trading fee payable) or less. The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Public Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy and Stock Exchange trading fee payable) and up to the value of pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Public Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Public Offer Shares from either pool A or pool B but not from both pools and may only apply for Hong Kong Public Offer Shares in either pool A or pool B.

Multiple or suspected multiple applications within either pool or between pools and any application for more than 9,500,000 Hong Kong Public Offer Shares (being 50% of the initial number of Hong Kong Public Offer Shares) are liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Placing is subject to adjustment. If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times; (ii) 50 times or more but less than 100 times; and (iii) 100 times or more, of the number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Placing so that the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 57,000,000 Offer Shares (in the case of (i)), 76,000,000 Offer Shares (in the case of (ii)) and 95,000,000 Offer Shares (in the case of (iii)) representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option), in each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Placing will be correspondingly reduced, in such manner as the Sole Global Coordinator deems appropriate. In addition, in certain prescribed circumstances, the Sole Global Coordinator may, at its sole and absolute discretion, reallocate International Placing

Shares as it deems appropriate from the International Placing to the Hong Kong Public Offering to satisfy in whole or in part the excess valid application in the Hong Kong Public Offering.

If the Hong Kong Public Offer Shares are not fully subscribed for, the Sole Global Coordinator may, at its sole and absolute discretion, reallocate all or any unsubscribed Hong Kong Public Offer Shares to the International Placing, in such proportion as the Sole Global Coordinator deems appropriate.

Applications

The Sole Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered Shares under the International Placing, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sole Global Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Shares under Hong Kong Public Offering.

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated (including conditionally and/or provisionally) Offer Shares under the International Placing.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$2.26 per Offer Share in addition to any brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "Price determination of the Global Offering" in this section above, is less than the maximum price of HK$2.26 per Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in the section headed "How to apply for the Hong Kong Public Offer Shares" in this prospectus.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

INTERNATIONAL PLACING

Number of Offer Shares offered

The number of Offer Shares to be initially offered for subscription or sale under the International Placing will be 171,000,000 Offer Shares (comprising 141,000,000 New Shares and 30,000,000 Sale Shares and subject to reallocation and the Over-allotment Option),

representing approximately 90% of the total number of the Offer Shares initially available under the Global Offering. Subject to any reallocation of Offer Shares between the International Placing and the Hong Kong Public Offering, before taking into account any exercise of the Over-allotment Option, the International Placing Shares will represent approximately 25.65% of our enlarged issue share capital immediately after completion of the Global Offering.

Allocation

The International Placing will include selective marketing of Offer Shares to professional, institutional and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Allocation of Offer Shares pursuant to the International Placing will be effected in accordance with the book-building process described in the paragraph headed "Price determination of the Global Offering" in this section above and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The International Placing is conditional on the same conditions as set out in the paragraph headed "Conditions" in this section above. The total number of International Placing Shares to be sold and transferred or allotted and issued pursuant to the International Placing may change as a result of the clawback arrangement referred to in the paragraph headed "Hong Kong Public Offering" in this section above, the exercise of the Over-allotment Option and any reallocation of unsubscribed Shares originally included in the Hong Kong Public Offering.

Professional and institutional investors may apply for the Offer Shares under the Hong Kong Public Offering or receive Offer Shares under the International Placing, but not both. Such investors will only receive Offer Shares under either the Hong Kong Public Offering or the International Placing, but not both.

OVER-ALLOCATION AND STABILIZATION

Over-allotment Option

In connection with the Global Offering, our Company and the Selling Shareholder are expected to grant an Over-allotment Option to the International Underwriters exercisable by the Sole Global Coordinator on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the Sole Global Coordinator has the right, exercisable at any time from the date of the International Underwriting Agreement until 30 days from the date of the last day of lodging application under the Hong Kong Public Offering, to require our Company to allot and issue up to 18,500,000 additional New Shares and the Selling Shareholder to sell up to 10,000,000 additional Sale Shares, together representing 15% of the number of the Offer Shares initially available under the Global Offering, at the same price per Share under the International Placing to cover, among other things, over-allocation in the International Placing, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 4.2% of our enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made in accordance with the Listing Rules.

Stabilization actions

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the new securities in the secondary market during a specified period of time to retard and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong and a number of other jurisdictions, activity aimed at reducing the market price is prohibited and the price at which stabilization is effected is not permitted to exceed the offer price.

The Sole Global Coordinator has been appointed by us as the stabilizing manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilizing) Rules made under the SFO. In connection with the Global Offering, the Sole Global Coordinator, its affiliates or any person acting for it, as stabilizing manager, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to stabilizing or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period beginning on the Listing Date and expected to end on Friday, 4 February 2011, being the 30th day after the last day for lodging of applications under the Hong Kong Public Offering. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Sole Global Coordinator, its affiliates or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the sole and absolute discretion of the Sole Global Coordinator and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not exceed the number of Shares that may be allotted and issued by our Company and sold by the Selling Shareholder under the Over-allotment Option, namely 28,500,000 Shares in aggregate, which is approximately 15% of the Shares initially available under the Global Offering.

The Sole Global Coordinator, its affiliates or any person acting for it may take all or any of the following stabilizing action in Hong Kong during the stabilization period:

(i) purchase, or agree to purchase, any of the Shares or offer or attempt to do so for the sole purpose of preventing or minimizing any reduction in the market price of the Shares;

(ii) in connection with any action described in paragraph (i) above;

(a) (1) over-allocation; or

(2) selling or agreeing to sell the Shares so as to establish a short position in them, for the purpose of preventing or minimizing any reduction in the market price of the Shares;

(b) exercise the Over-allotment Option and subscribe for or purchase, or agreeing to subscribe for or purchase, the Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (a) above;

(c) sell or agree to sell any Shares by it in the course of the stabilizing action referred to in the paragraph (i) above in order to liquidate any position held as a result of those purchases; and

(d) offer or attempt to do anything described in (a), (b) and (c) above.

Specifically, prospective applicants for and investors in the Shares should note that:

- the Sole Global Coordinator, its affiliates or any person acting for it, may, in connection with the stabilizing action, maintain a long position in the Shares, and there is no certainty regarding the extent to which and the time period for which the Sole Global Coordinator, its affiliates or any person acting for it, will maintain such a position; Investors should be warned of the possible impact of any liquidation of such long position by the Sole Global Coordinator, its affiliates or any other person acting for them, may have an adverse impact on the market price of the Shares;

- stabilizing action cannot be used to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on Friday, 4 February 2011, being the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;

- the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilizing period by taking of any stabilizing action; and

- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

In connection with the Global Offering, the Sole Global Coordinator may over-allocate up to and not more than an aggregate of 28,500,000 additional Shares and cover such over-allocations by exercising the Over-allotment Option, which will be exercisable by the Sole Global Coordinator (on behalf of the International Underwriters) at the discretion of the Sole Global Coordinator, or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means. In particular, for the purpose of settlement of over-allocations in connection with the International Placing, the Sole Global Coordinator may borrow up to 28,500,000 Shares from Able Bright, equivalent to the maximum number of Shares to be issued by our Company and sold by the Selling Shareholder on full exercise of the Over-allotment Option, under the Stock Borrowing Agreement. Such stock borrowing arrangement will be in compliance with Rule 10.07(3) of the Listing Rules such that it will not be subject to restrictions of Rule 10.07(1) of the Listing Rules. Rule 10.07(3) of the Listing Rules requires that:

(i) such stock borrowing arrangement will only be effected by the Sole Global Coordinator for settlement of over-allocations of Shares in connection with the International Placing;

(ii) the maximum number of Shares which may be borrowed from Able Bright by the Sole Global Coordinator under the Stock Borrowing Agreement must not exceed the maximum number of Shares which may be issued and sold upon the full exercise of the Over-allotment Option;

(iii) the same number of Shares so borrowed must be returned to Able Bright or its nominees, as the case may be, on or before the third business day following the earlier of:

  (a) the last day on which the Over-allotment Option may be exercised; and

  (b) the day on which the Over-allotment Option is exercised in full;

(iv) the borrowing of Shares under the Stock Borrowing Agreement will be effected in compliance with all applicable Listing Rules, laws and other regulatory requirements; and

(v) no payments or other benefits will be made to Able Bright by the Sole Global Coordinator in relation to such stock borrowing arrangement.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, 13 January 2011, it is expected that dealings in the Offer Shares on the Stock Exchange will commence at 9:30 a.m. on Thursday, 13 January 2011, and will be traded in board lots of 2,000 Shares.

I. METHODS OF APPLICATION

There are three ways to make an application for the Hong Kong Public Offer Shares. You may apply for the Hong Kong Public Offer Shares by either (i) using a **WHITE** or **YELLOW** Application Form; (ii) submitting applications online through the designated website of the **HK eIPO White Form** Service Provider, referred herein as the "**HK eIPO White Form** service"; or (iii) giving **electronic application instructions** to HKSCC via CCASS to cause HKSCC Nominees to apply for the Hong Kong Public Offer Shares on your behalf. Except where you are a nominee and provide the required information in your application, you or you and your joint applicant(s) may not make more than one application by any of the above methods.

II. WHO CAN APPLY FOR THE HONG KONG PUBLIC OFFER SHARES

You can apply for Hong Kong Public Offer Shares if you or any person(s) for whose benefit you are applying are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States;
- and are not a US person(s) (as defined in Regulation S);
- and are not a legal or natural person of the PRC (other than Hong Kong, Macau and Taiwan and qualified domestic institutional investors).

If you wish to apply for the Hong Kong Public Offer Shares online through the designated website at **www.hkeipo.hk**, referred to herein as the "**HK eIPO White Form**" service, in addition to the above you must also:

- have a valid Hong Kong identity card number; and
- be willing to provide a valid e-mail address and a contact telephone number.

You may only apply by means of the **HK eIPO White Form service** if you are an individual applicant. Corporations or joint applicants may not apply by means of **HK eIPO White Form**.

If the applicant is a firm, the application must be in the names of the individual members, not the firm's name. If the applicant is a body corporate, the application form must be signed by a duly authorized officer, who must state his or her representative capacity, and the application named by stamped with the company's chop (being the company name).

If an application is made by a person duly authorized under a valid power of attorney, the Company and the Sole Global Coordinator (or their respective agents or nominees) may accept it at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of the attorney.

The number of joint applicants may not exceed four.

We, the Sole Global Coordinator and the designated **HK eIPO White Form** Service Provider (where applicable), and our or their respective agents and nominees will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

Except for circumstances permitted under the Listing Rules, the Hong Kong Public Offer Shares are not available to existing beneficial owners of Shares, our Directors, or chief executive officers or their respective associates or any other connected persons (as defined in the Listing Rules) of our Company or persons who will become our connected persons immediately upon completion of the Global Offering.

You should also note that you may apply for Shares under the Hong Kong Public Offering or indicate an interest for shares under the International Placing, but may not do both.

III. APPLYING BY USING A WHITE OR YELLOW APPLICATION FORM

1. Which application method to use

(a) Use a **WHITE** Application Form if you want the Hong Kong Public Offer Shares to be issued in your own name.

(b) Instead of using a **WHITE** Application Form, you may apply for the Hong Kong Public Offer Shares by means of the **HK eIPO White Form** service by submitting an application online through the designated website at **www.hkeipo.hk**. Use the **HK eIPO White Form** service if you want the Shares to be registered in your own name.

(c) Use a **YELLOW** Application Form if you want the Hong Kong Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

(d) Instead of using a **YELLOW** Application Form, you may give **electronic application instruction** to HKSCC to cause HKSCC Nominees to apply for the Hong Kong Public Offer Shares on your behalf via CCASS. Any Hong Kong Public Offer Shares allocated to you will be registered in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participants stock account or your designated CCASS Participant's stock account.

2. Where to collect the Application Forms

(a) You can collect a **WHITE** Application Form and a copy of the prospectus during normal business hours from 9:00 a.m. on Friday, 31 December 2010 until 12:00 noon on Wednesday, 5 January 2011, from:

any of the following addresses of the Hong Kong Underwriters:

Guotai Junan Securities (Hong Kong) Limited
27th Floor, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Ever-Long Securities Company Limited
18th Floor, Dah Sing Life Building
99–105 Des Voeux Road Central
Hong Kong

First Shanghai Securities Limited
19th Floor, Wing On House
71 Des Voeux Road Central
Hong Kong

Oriental Patron Securities Limited
27th Floor
Two Exchange Square
8 Connaught Place
Central
Hong Kong

OSK Securities Hong Kong Limited
12th Floor, World-Wide House
19 Des Voeux Road Central
Central
Hong Kong

or any of the following branches of Standard Chartered Bank (Hong Kong) Limited:

District	Branch	Address
Hong Kong Island	Central Branch	Shop no. 16, G/F and Lower G/F, New World Tower, 16–18 Queen's Road Central, Central
	Quarry Bay Branch	G/F, Westlands Gardens, 1027 King's Road, Quarry Bay
Kowloon	Mongkok Branch	Shop B, G/F, 1/F & 2/F, 617–623 Nathan Road, Mongkok
	Cheung Sha Wan Branch	828 Cheung Sha Wan Road, Cheung Sha Wan
	Tsimshatsui Branch	G/F, 10 Granville Road, Tsimshatsui
New Territories	Yuen Long Branch	140, Yuen Long Main Road, Yuen Long

or any of the following branches of China Construction Bank (Asia) Corporation Limited:

District	Branches	Address
Hong Kong Island	Central Branch	6 Des Voeux Road Central, Central
	Sheung Wan Des Voeux Road Branch	237 Des Voeux Road Central, Sheung Wan
	Causeway Bay Plaza Branch	G/F, Causeway Bay Plaza 1, Causeway Bay
Kowloon	Kwun Tong Hoi Yuen Road Branch	56 Hoi Yuen Road, Kwun Tong
New Territories	Tsuen Wan Branch	282 Sha Tsui Road, Tsuen Wan
	Shatin Plaza Branch	Shop 5, Level 1, Shatin Plaza, Shatin

(b) You can collect a **YELLOW** Application Form and a copy of the prospectus during normal business hours from 9:00 a.m. on Friday, 31 December 2010 until 12:00 noon on Wednesday, 5 January 2011, from:

(1) the **Depository Counter of HKSCC** at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong; or

(2) your stockbroker, who may have copies of such Application Forms and the prospectus available.

3. How to complete the Application Form and make payment

There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected and returned by ordinary post together with the accompanying cheque or banker's cashier order to you (or the first-named applicant in the case of joint applicants) at your own risk at the address stated in the Application Form.

You should note that by completing and submitting the Application Form, amongst other things, you:

- instruct and authorize the Company and/or the Sole Global Coordinator and/or the Hong Kong Underwriters (or their respective agents or nominees) or execute any transfer forms, contract notes or other documents on your behalf and to do on your behalf all other things necessary to register any Hong Kong Public Offer Shares allotted to you in your name(s) or in name of HKSCC Nominees as required by the Memorandum and Articles of Association (including the registration of the Hong Kong Public Offer Shares allocated to you in your name(s) or in name of HKSCC Nominees on the Company's register of members in Hong Kong) and otherwise give effect to the arrangements described in this prospectus and the relevant Application Form;

- undertake to sign all documents and to do all things necessary to enable you or HKSCC Nominees, as the case may be, to be registered as the holder of the Hong Kong Public Offer Shares allotted to you, and as required by the Memorandum and Articles of Association;

- agree with us and each Shareholder, and our Company agrees with each of our Shareholders, to observe and comply with the Companies Ordinance, the Memorandum and Articles of Association;

- agree with us and each Shareholder that the Shares are freely transferable by the holders thereof;

- authorize us to enter into a contract on your behalf with each of our Directors and officers of our Company whereby each such Director and officer undertakes to observe and comply with his obligations to Shareholders as stipulated in the Memorandum and Articles of Association;

- confirm that you have received a copy of this prospectus and have only relied on the information and representations in this prospectus and the Application Forms in making your application and will not rely on any other information and representations save as set out in any supplement to this prospectus;

- agree that none of the Company, the Sole Global Coordinator, the Sole Sponsor, the Hong Kong Underwriters, nor any of their respective directors, officers, employees, agents, advisers or affiliates or any other persons or parties involved in the Global Offering is or will have any liability for any information and representations not contained in this prospectus, the Application Forms and any supplement to this prospectus;

- agree that we, our Directors and any person who has authorized this prospectus are liable only for the information and representations contained in this prospectus and any supplement thereto;

- undertake and confirm that, you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, and have not received or been placed or allotted (including conditionally and/or provisionally) any Offer Shares under the International Placing or otherwise participated in the International Placing;

- agree to disclose to us, our Hong Kong branch share registrar, receiving banks, the Sole Global Coordinator, the Sole Sponsor and their respective advisers and agents personal data and any information which they require about you or the person(s) for whose benefit you have made the application;

- represent, warrant and undertake that you are not, and none of the other person(s) for whose benefit you are applying, is a US person (as defined in Regulation S), or is restricted by any applicable laws of Hong Kong or elsewhere from making the application, paying any application monies for, or being allotted or taking up any Hong Kong Public Offer Shares;

- represent, warrant and undertake that you understand that the Shares have not been and will not be registered under the US Securities Act and any person for whose account or benefit you are applying for the Hong Kong Public Offer Shares are non-US persons outside the United States (as defined in Regulation S) and will be acquiring the Hong Kong Public Offer Shares in an offshore transaction (as defined in Regulation S);

- agree (without prejudice to any other rights which you may have) that once your application has been accepted, you may not revoke or rescind it because of an innocent misrepresentation;

- warrant the truth and accuracy of the information contained in your application;

- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and the Application Form and agree to be bound by them;

- undertake and agree to accept the Hong Kong Public Offer Shares applied for, or any lesser number allocated to you under the application;

- if the laws of any place outside Hong Kong are applicable to your application, agree and warrant that you have complied with all such laws and none of us, the Sole Global Coordinator, the Sole Sponsor and the Hong Kong Underwriters nor any of their respective directors, employees, agents, officers, affiliates or advisers will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Forms;

- (if this application is made for your own benefit) warrant that this application is the only application which has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS or to the designated **HK eIPO WHITE Form** Service Provider through the **HK eIPO WHITE Form** service;

- (if you are an agent for another person) warrant that you have validly and irrevocably conferred on your agent all necessary power and authority to make this application;

- (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person that his application is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS or to the designated **HK eIPO White Form** Service Provider through the **HK eIPO White Form** service, and that you are duly authorized to sign the Application Form as that other person's agent;

- understand that these declarations and representations will be relied on by the Company and the Sole Global Coordinator in deciding whether or not to allocate any Hong Kong Public Offer Shares in response to your application; and

- authorize our Company to place your name(s) or HKSCC Nominees, as the case may be, on our Company's register of members as the holder(s) of any Hong Kong Public Offer Shares allocated to you, and (subject to the terms and conditions set forth in this prospectus) our Company and/or our Company's agents to send any share certificate(s) (where applicable) and/or any refund cheque(s) (if any) to you or (in case of joint applicants) the first-named applicant in the Application Form by ordinary post at your own risk to the address stated on your Application Form (except if you have applied

for 1,000,000 Hong Kong Public Offer Shares or more and have indicated in your Application Form that you wish to collect your share certificate(s) (where applicable) and/or refund cheque(s) (if any) in person and have provided all information required in your Application Form).

If you apply for Hong Kong Public Offer Shares using a **YELLOW** Application Form, in addition to the confirmations and agreements referred to above, you:

- **undertake** to sign all documents and to do all things necessary to enable HKSCC Nominees to be registered as the holder of the Hong Kong Public Offer Shares allocated to you, and as required by the Memorandum and Articles of Association;

- **agree** that any Hong Kong Public Offer Shares allocated to you shall be registered in the name of HKSCC Nominees and deposited directly into CCASS operated by HKSCC for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant in accordance with your election on the Application Form;

- **agree** that each of HKSCC and HKSCC Nominees reserves the right at its absolute discretion (1) not to accept any or part of such allotted Hong Kong Public Offer Shares issued in the name of HKSCC Nominees or not to accept such allotted Hong Kong Public Offer Shares for deposit into CCASS; (2) to cause such allotted Hong Kong Public Offer Shares to be withdrawn from CCASS and transferred into your name (or, in the case of joint applicants, to the name of the first-named applicant) at your own risk and costs; and (3) to cause such allotted Hong Kong Public Offer Shares to be issued in your name (or, if you are a joint applicant, to the first-named applicant) and in such a case, to post the share certificates for such allotted Hong Kong Public Offer Shares at your own risk to the address on your Application Form by ordinary post or to make available the same for your collection;

- **agree** that each of HKSCC and HKSCC Nominees may adjust the number of allotted Hong Kong Public Offer Shares issued in the name of HKSCC Nominees;

- **agree** that neither HKSCC nor HKSCC Nominees shall have any liability for the information and representations not so contained in this prospectus and the Application Form; and

- **agree** that neither HKSCC nor HKSCC Nominees shall be liable to you in any way.

In order for the **YELLOW** Application Forms to be valid:

(i) If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant), the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box in the Application Form.

(ii) If the application is made by an individual CCASS Investor Participant:

(a) the Application Form must contain the CCASS Investor Participant's name and Hong Kong Identity Card Number; and

(b) the CCASS Investor Participant must insert its participant I.D. in the appropriate box in the Application Form.

(iii) If the application is made by a joint individual CCASS Investor Participant:

(a) the Application Form must contain all joint CCASS Investor Participants' names and the Hong Kong Identity Card Number of all the joint CCASS Investor Participants; and

(b) the CCASS Investor Participant's I.D. must be inserted and the authorized signatory(ies) of the CCASS Investor Participant's stock account must sign in the appropriate box in the Application Form.

(iv) If the application is made by a corporate CCASS Investor Participant:

(a) the Application Form must contain the CCASS Investor Participant's company name and Hong Kong Business Registration number; and

(b) the participant I.D. and company chop (bearing its company name) endorsed by its authorized signatory(ies) must be inserted in the appropriate box in the Application Form.

Incorrect or omission of details of the CCASS Participant (including participant I.D. and/or company chop bearing its company name) or omission or inadequacy of authorized signatory(ies) (if applicable) or other similar matters may render the application invalid.

If your application is made through a duly authorized attorney, our Company and the Sole Global Coordinator as its agent may accept it at their discretion, and subject to any conditions they think fit, including evidence of the authority of your attorney. Our Company and the Sole Global Coordinator, in the capacity as its agent, will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

4. How to make payment for the Application

Each completed **WHITE** or **YELLOW** Application Form must be accompanied by either one cheque or one banker's cashier order, which must be stapled to the top left hand corner of the Application Form.

If you pay by cheque, the cheque must:

- be in Hong Kong dollars;

- be drawn on your Hong Kong dollar bank account with a licensed bank in Hong Kong;
- bear an account name (or, in the case of joint applicants, the name of the first named applicant) (either pre-printed on the cheque or endorsed on the reverse of the cheque by an authorized signatory of the bank on which it is drawn), which must be the same as the name on your Application Form. If the cheque is drawn on a joint account, the account name must be the same as the name of the first named applicant;
- be made payable to Horsford Nominees Limited — Newtree Group Public Offer;
- be crossed "Account Payee Only"; and
- not be post-dated.

Your application may be rejected if your cheque does not meet all of these requirements or is dishonoured on first presentation.

If you pay by banker's cashier order, the banker's cashier order must:

- be in Hong Kong dollars;
- be issued by a licensed bank in Hong Kong and have your name certified on the reverse of the banker's cashier order by an authorized signatory of the bank on which it is drawn. The name on the reverse of the banker's cashier order and the name on the Application Form must be the same. If the application is a joint application, the name on the back of the banker's cashier order must be the same as the name of the first-named applicant;
- be made payable to Horsford Nominees Limited — Newtree Group Public Offer;
- be crossed "Account Payee Only"; and
- not be post-dated.

Your application may be rejected if your banker's cashier order does not meet all of these requirements.

No money shall be paid to any intermediary in Hong Kong who is not licensed to carry on Type 1 regulated activity under Part V of the SFO.

The right is reserved to present all or any remittance for payment. However, your cheque or banker's cashier order will not be presented for payment before 12:00 noon on Wednesday, 5 January 2011. Our Company will not give you a receipt for your payment. Our Company will keep any interest accrued on your application monies (up

until, in the case of monies to be refunded, the date of despatch of refund cheques). The right is also reserved to retain any share certificates and/or any surplus application monies or refunds pending clearance of your cheque or banker's cashier order.

5. Members of the public — Time for applying for Hong Kong Public Offer Shares

Completed **WHITE** or **YELLOW** Application Forms, together with payment attached, must be lodged by 12:00 noon on Wednesday, 5 January 2011, or, if the application lists are not open on that day, by the time and date stated in the paragraph headed "Effect of bad weather on the opening of the application lists" below.

Your completed Application Form, together with payment attached, should be deposited in the special collection boxes provided at any of the branches of Standard Chartered Bank (Hong Kong) Limited or China Construction Bank (Asia) Corporation Limited listed under the paragraph headed "Where to collect the Application Forms" in this sub-section above at the following times:

Friday, 31 December 2010	**—**	**9:00 a.m. to 5:00 p.m.**
Monday, 3 January 2011	**—**	**9:00 a.m. to 5:00 p.m.**
Tuesday, 4 January 2011	**—**	**9:00 a.m. to 5:00 p.m.**
Wednesday, 5 January 2011	**—**	**9:00 a.m. to 12:00 noon**

The application lists will be open **from 11:45 a.m. to 12:00 noon on Wednesday, 5 January 2011.**

No proceedings will be taken on applications for the Offer Shares and no allotment of any such Offer Shares will be made until after the closing of the application lists.

6. Effect of bad weather on the opening of the application lists

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above, or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 5 January 2011. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

7. Results of Allocations

The results of allocations of the Hong Kong Public Offer Shares and the Hong Kong identity card/passport/Hong Kong business registration certificate numbers of successful applicants and the number of the Hong Kong Public Offer Shares successfully applied for will be made available at the times and dates and in the manner specified below:

- on the website of our Company at **www.newtreegroupholdings.com** and the Stock Exchange's website at **www.hkexnews.hk** from 9:00 a.m., Wednesday, 12 January 2011 onward;

- on the Hong Kong Public Offering results of allocations website designated by our Company at **www.tricor.com.hk/ipo/result** on a 24-hour basis from 8:00 a.m. on Wednesday, 12 January 2011 to 12:00 midnight on Tuesday, 18 January 2011. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration certificate number provided in his/her/its application form to search for his/her/its own allocation result;

- from the Hong Kong Public Offering allocation results telephone enquiry line designated by our Company. Applicants may find out whether or not their applications have been successful and the number of the Hong Kong Public Offer Shares allocated to them, if any, by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, 12 January 2011 to Monday, 17 January 2011 (excluding Saturday, Sunday and Public Holiday); and

- from special allocation results booklets which set out the results of allocations and will be available for inspection during opening hours of the designated branches of the receiving banks of the Hong Kong Public Offering from Wednesday, 12 January 2011 to Friday, 14 January 2011.

8. Despatch/Collection of share certificates, e-Auto Refund payment instructions and refund cheques

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the offer price of HK$2.26 per Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee thereon) initially paid on application, or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure of the Global offering — Conditions" in this prospectus or if any application is revoked or any allotment pursuant thereto has become void, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

No temporary documents of title will be issued in respect of the Offer Shares. No receipt will be issued for sums paid on application but, subject to personal collection as mentioned below, in due course there will be sent to you (or, in the case of joint applicants, to the firstnamed applicant) by ordinary post, at your own risk, to the address specified on your Application Form:

(a) for applications on **WHITE** Application Forms or to the designated **HK eIPO White Form** Service Provider: (i) share certificate(s) for all the Hong Kong Public Offer Shares applied for, if the application is wholly successful; or (ii) share certificate(s) for the number of Hong Kong Public Offer Shares successfully applied for, if the application is partially successful (for wholly successful and partially successful applicants on **YELLOW** Application Forms: share certificates for their Offer Shares successfully applied for will be deposited into CCASS as described below); and/or

(b) for applications on **WHITE** or **YELLOW** Application Forms or to the designated **HK eIPO White Form** Service Provider, e-Auto Refund payment instructions/refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Hong Kong Public Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (ii) all the application monies, if the application is wholly unsuccessful; and/or (iii) the difference between the Offer Price and the maximum offer price per Share paid on application in the event that the Offer Price is less than the offer price per Share initially paid on application, in each case including the brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, attributable to such refund/surplus monies but without interest.

Subject to personal collection as mentioned below, refund cheques for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the maximum offer price per Share initially paid on application (if any) under **WHITE** or **YELLOW** Application Forms or to the designated **HK eIPO White Form** Service Provider; and share certificates for wholly and partially successful applicants under **WHITE** Application Forms or to the designated **HK eIPO White Form** Service Provider are expected to be posted on or around Wednesday, 12 January 2011. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s).

Share certificates will only become valid certificates of title at 8:00 a.m. on Thursday, 13 January 2011, provided that the Hong Kong Public Offering has become unconditional in all respects and the right of termination described in the section headed "Underwriting — Underwriting arrangements and expenses — Hong Kong Public Offering — Grounds for termination" in this prospectus has not been exercised.

You will receive one share certificate for all the Hong Kong Public Offer Shares allotted to you.

*(a) If you apply using a **WHITE** Application Form:*

If you apply for 1,000,000 Hong Kong Public Offer Shares or more on a **WHITE** Application Form and have indicated your intention in your Application Form to collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) from the Hong Kong branch share registrar and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) and share certificate(s) (where applicable) from the Hong Kong branch share registrar, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, 12 January 2011 or such other place and date as notified by our Company in the newspapers as the place and date of collection/despatch of e-Auto Refund payment instructions/refund cheques/share certificates. If you are an individual who opts for personal collection, you must not authorize any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, you must attend by your authorized representative bearing a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Hong Kong branch share registrar. If you do not collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified in your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares or if you apply for 1,000,000 Hong Kong Public Offer Shares or more but have not indicated on your Application Form that you will collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) in person, your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) will be sent to the address on your Application Form on Wednesday, 12 January 2011 by ordinary post and at your own risk.

*(b) If you apply using a **YELLOW** Application Form:*

If you apply for 1,000,000 Hong Kong Public Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque (where applicable) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares or if you apply for 1,000,000 Hong Kong Public Offer Shares or more but have not indicated on your Application Form that you will collect your refund cheque(s) (where applicable) in person, your refund cheque(s) (where applicable) will be sent to the address on your Application Form on Wednesday, 12 January 2011 by ordinary post, at your own risk.

If you apply for Hong Kong Public Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form on Wednesday, 12 January 2011, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):

- for Hong Kong Public Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Public Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant:

- we expects to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the newspapers on Wednesday, 12 January 2011. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 12 January 2011 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Public Offer Shares credited to your stock account.

IV. APPLYING THROUGH HK EIPO WHITE FORM

(a) You may apply through **HK eIPO White Form** by submitting an application to the **HK eIPO White Form** Service Provider through the designated website at **www.hkeipo.hk**, if you are an individual and satisfy the relevant eligibility criteria set out in the paragraph headed "Who can apply for the Hong Kong Public Offer Shares" in this section and on the same website. If you apply through **HK eIPO White Form** the Shares will be issued in your own name.

(b) Detailed instructions for application through the **HK eIPO White Form** service are set out in the designated website at **www.hkeipo.hk**. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the **HK eIPO White Form** Service Provider and may not be submitted to our Company.

(c) In addition to the terms and conditions set out in this prospectus, the **HK eIPO White Form** Service Provider may impose additional terms and conditions upon you for the use of the **HK eIPO White Form** service. Such terms and conditions are set out on the designated website at **www.hkeipo.hk**. You will be required to read, understand and agree to such terms and conditions in full prior to making any application.

(d) By submitting an application to the **HK eIPO White Form** Service Provider through the **HK eIPO White Form** service, you are deemed to have authorized the **HK eIPO White Form** Service Provider to transfer the details of your application to our Company and our registrars.

(e) You may submit an application through the **HK eIPO White Form** service in respect of a minimum of 2,000 Hong Kong Public Offer Shares. Each **electronic application instruction** in respect of more than 2,000 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at **www.hkeipo.hk**.

(f) You should give **electronic application instructions** through **HK eIPO White Form** at the times set out in the paragraph headed "Time for inputting **electronic application instructions**" under the paragraph headed "Applying by giving **electronic application instructions** to HKSCC" below.

(g) You should make payment for your application made by **HK eIPO White Form** service in accordance with the methods and instructions set out in the designated website at **www.hkeipo.hk**. If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on 5 January 2011, or such later time set out in the sub-paragraph headed "Effect of bad weather on the opening of the application lists" under the paragraph headed "Applying by giving **electronic application instructions** to HKSCC" below, the **HK eIPO White Form** Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website **www.hkeipo.hk**.

(h) Once you have completed payment in respect of any **electronic application instruction** given by you or for your benefit to the designated **HK eIPO White Form** Service Provider to make an application for Hong Kong Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular payment reference number will not constitute an actual application.

(i) Warning: The application for Hong Kong Public Offer Shares through **HK eIPO White Form** service is only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Our Company, our Directors, the Sole Sponsor, the Sole Global Coordinator and the Underwriters take no responsibility for such

applications, and provide no assurance that applications through the **HK eIPO White Form** service will be submitted to our Company or that you will be allotted any Hong Kong Public Offer Shares.

Please note that Internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the HK eIPO White Form service, you are advised not to wait until the last day for submitting applications in the Hong Kong Public Offering to submit your electronic application instructions. In the event that you have problems connecting to the designated website for the **HK eIPO White Form** service, you should submit a **WHITE** Application Form. However, once you have submitted **electronic application instructions** and completed payment in full using the payment reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit another application. See the paragraph headed "How many applications you may make" in this section below.

V. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

1. General

CCASS Participants may give **electronic application instructions** to HKSCC to apply for the Hong Kong Public Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
2/F, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

Prospectuses are available for collection from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Public Offer Shares on your behalf.

You are deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to us and our registrars.

2. Giving electronic application instructions to HKSCC to apply for Hong Kong Public Offer Shares by HKSCC Nominees on your behalf

Where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for the Hong Kong Public Offer Shares:

(i) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees does the following things on behalf of each such person:

- agrees that the Hong Kong Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on that person's behalf or that person's CCASS Investor Participant stock account;

- undertakes and agrees to accept the Hong Kong Public Offer Shares in respect of which that person has given **electronic application instructions** or any lesser number;

- undertakes and confirms that that person has not applied for or taken up or indicated an interest for, any Shares under the International Offering or otherwise participated in the International Offering;

- (if the **electronic application instructions** are given for that person's own benefit) declares that only one set of **electronic application instructions** has been given for that person's benefit;

- (if that person is an agent for another person) declares that that person has only given one set of **electronic application instructions** for the benefit of that other person and that that person is duly authorized to give those instructions as that other person's agent;

- understands that the above declaration will be relied upon by us, our Directors and the Sole Global Coordinator in deciding whether or not to make any allotment of Hong Kong Public Offer Shares in respect of the **electronic application instructions** given by that person and that that person may be prosecuted if he makes a false declaration;

- authorizes us to place the name of HKSCC Nominees on the register of members of our Company as the holder of the Hong Kong Public Offer Shares allotted in respect of that person's **electronic application**

instructions and to send share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between our Company and HKSCC;

- confirms that that person has read the terms and conditions and application procedures set out in this prospectus and agrees to be bound by them;

- confirms that that person has only relied on the information and representations in this prospectus in giving that person's **electronic application instructions** or instructing that person's broker or custodian to give **electronic application instructions** on that person's behalf and will not rely on any other information and representations save as set out in any supplement to this prospectus, and that person agrees that none of our Company, our Directors, the Sole Sponsor, the Sole Global Coordinator, the Underwriters and any of the parties involved in the Global Offering will have any liability for any such other information or representation;

- agrees that our Company, the Sole Sponsor, the Sole Global Coordinator, the Underwriters and any of their respective directors, officers, employees, partners, agents or advisors are liable only for the information and representations contained in this prospectus and any supplement thereto;

- agrees to disclose that person's personal data to us, the Sole Global Coordinator, the Hong Kong branch share registrar, the receiving bankers, the Underwriters and/or any of their respective advisers and agents and any information which they may require about that person;

- agrees (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentation;

- agrees that any application made by HKSCC Nominees on behalf of that person pursuant to **electronic application instructions** given by that person cannot be revoked before Wednesday, 12 January 2011, such agreement to take effect as a collateral contract with our Company and to become binding when that person gives the instructions and such collateral contract to be in consideration of we agreeing that we will not offer any Hong Kong Public Offer Shares to any person before Wednesday, 12 January 2011 except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the instructions before Wednesday, 12 January 2011 if a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;

- agrees that once the application of HKSCC Nominees is accepted, neither that application nor that person's **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering published by us;

- agrees to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Hong Kong Public Offer Shares;

- agrees with us, for ourselves and for the benefit of each of the Shareholders (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, the Memorandum and Articles of Association;

- agrees with us (for ourselves and for the benefit of each of the Shareholders) that the Shares in our Company are freely transferable by the holders thereof;

- authorizes our Company to enter into a contract on its behalf with each of our Directors and officers of our Company whereby each such Director and officer undertakes to observe and comply with his obligations to Shareholders stipulated in the Memorandum and Articles of Association; and

- agrees that that person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the Laws of Hong Kong.

3. Effect of giving electronic application instructions to HKSCC

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to us or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Public Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum offer price, brokerage, SFC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum offer price per Share initially paid on application, refund of the application monies, in each case including brokerage, SFC transaction levy and Stock Exchange trading fee, by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form.

4. Multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Public Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application. No application for any other number of Hong Kong Public Offer Shares will be considered and any such application is liable to be rejected.

5. Minimum subscription amount and permitted multiples

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** in respect of a minimum of 2,000 Hong Kong Public Offer Shares. Such instructions in respect of more than 2,000 Hong Kong Public Offer Shares must be in one of the numbers or multiples set out in the table in the Application Forms.

6. Time for inputting electronic application instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Friday, 31 December 2010	**—**	**9:00 a.m. to 8:30 p.m.[(1)]**
Monday, 3 January 2011	**—**	**8:00 a.m. to 8:30 p.m.[(1)]**
Tuesday, 4 January 2011	**—**	**8:00 a.m. to 8:30 p.m.[(1)]**
Wednesday, 5 January 2011	**—**	**8:00 a.m.[(1)] to 12:00 noon**

Note:

1. These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, 31 December 2010 until 12:00 noon on Wednesday, 5 January 2011 (24 hours daily, except the last application day).

7. Effect of bad weather on the opening of the application lists

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Wednesday, 5 January 2011, the last application day. If:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning signal,

is in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 5 January 2011, the last application day will be postponed to the next business day which does not have either of those warning signals in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on such day.

8. Allocation of Hong Kong Public Offer Shares

For the purposes of allocating Hong Kong Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instructions is given will be treated as an applicant.

9. Deposit of share certificates into CCASS and refund of application monies

- No temporary document of title will be issued. No receipt will be issued for application monies received.
- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give **electronic application instructions** on your behalf or your CCASS Investor Participant stock account at the close of business on Wednesday, 12 January 2011, or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.
- We expect to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, we will include information relating to the relevant beneficial owner if supplied), your Hong Kong identity card/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the newspapers on Wednesday, 12 January 2011. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 12 January 2011 or such other date as shall be determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, 12 January 2011. Immediately after the credit of the Hong Kong Public Offer Shares to your CCASS Investor Participant stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account (if any).

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum offer price per Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 12 January 2011. No interest will be paid thereon.

10. Section 40 of the Companies Ordinance

For the avoidance of doubt, we and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies Ordinance.

11. Personal data

The section of the Application Form entitled "Personal Data" applies to any personal data held by our Company our Hong Kong branch share registrar, receiving bankers, the Sole Sponsor, the Sole Global Coordinator, the Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

12. Warning

The subscription of the Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. We, our Directors, the Sole Sponsor, the Sole Global Coordinator and the

Underwriters and any party or person involved in the Global Offering take no responsibility for the application and provide no assurance that any CCASS Participant will be allotted any Hong Kong Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their **electronic application instructions** to the systems. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their **electronic application instructions**, they should either: (i) submit a **WHITE** or **YELLOW** Application Form; or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Wednesday, 5 January 2011.

VI. HOW MANY APPLICATIONS YOU MAY MAKE

1. You may make more than one application for Hong Kong Public Offer Shares if and only if:

You are a nominee, in which case you may both give **electronic application instructions** to HKSCC (if you are a CCASS Participant) and using a **WHITE** or **YELLOW** Application Form, lodge more than one Application Form in your own name if each application is made on behalf of different owners. In the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

Otherwise, multiple applications are not allowed.

It will be a term and condition of all applications that by completing and delivering an Application Form, you:

- (if the application is made for your own benefit) warrant that this is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **HK eIPO White Form** Service Provider; or
- (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person that this is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **HK eIPO White Form** Service Provider and that you are duly authorized to sign the Application Form as that other person's agent.

Except where you are a nominee and provide the information required to be provided in your application, all of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly) on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS or to the designated **HK eIPO White Form** Service Provider;

- both apply (whether individually or jointly) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** or **YELLOW** Application Form and give **electronic application instructions** to HKSCC via CCASS or to the designated **HK eIPO White Form** Service Provider;

- apply on one **WHITE** or **YELLOW** Application Form (whether individually or jointly) or by giving **electronic application instructions** to HKSCC or to the designated **HK eIPO White Form** Service Provider for more than 9,500,000 Offer Shares, as more particularly described in the section headed "Structure of the Global offering — Hong Kong Public Offering"; or

- have applied for or taken up, or indicated an interest for, or have been or will be placed (including conditionally and/or provisionally) International Placing Shares under the International Placing and make an application on **WHITE** or **YELLOW** Application Form or by way of giving **electronic application instructions** to HKSCC via CCASS or to the designated **HK eIPO WHITE** Form Service Provider.

All of your applications will also be rejected as multiple applications if more than one application is made for **your benefit** (including the part of the application made by HKSCC Nominees acting on **electronic application instructions** or to the designated **HK eIPO White Form** Service). If an application is made by an unlisted company and

- the principal business of that company is dealing in securities; and

- you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

Unlisted company means a company with no equity securities listed on the Stock Exchange.

Statutory control in relation to a company means you:

- control the composition of the board of directors of the company; or

- or control more than half of the voting power of the company; or

- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

VII. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG PUBLIC OFFER SHARES

Full details of the circumstances in which you will not be allotted the Hong Kong Public Offer Shares are set out in the notes attached to the Application Forms (whether you are making your application by an Application Form or electronically instructing HKSCC to cause HKSCC Nominees to apply on your behalf), and you should read them carefully. You should note in particular the following situations in which Hong Kong Public Offer Shares will not be allotted to you:

- **If your application is revoked:**

  By completing and submitting an Application Form or submitting **electronic application instructions** to HKSCC or the designated **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees or the **HK eIPO White Form** Service Provider on your behalf cannot be revoked on or before Wednesday, 12 January 2011. This agreement will take effect as a collateral contract with us, and will become binding when you lodge your Application Form or submit your **electronic application instruction** to HKSCC or the **HK eIPO White Form** Service Provider and an application has been made by HKSCC Nominees on your behalf accordingly. This collateral contract will be in consideration of we agreeing that we will not offer any Hong Kong Public Offer Shares to any person before Wednesday, 12 January 2011 except by means of one of the procedures referred to in this prospectus.

  Your application or the application made by HKSCC Nominees or the **HK eIPO White Form** Service Provider on your behalf may be revoked on or before 12 January 2011 if a person responsible for this prospectus under Section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

  If any supplement to this prospectus is issued, applicant(s) who has/have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) has/have not been so notified, or if applicant(s) has/have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

  If your application or the application made by HKSCC Nominees on the **HK eIPO White Form** Service Provider on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the announcement of the results of allocation, and where

such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

- **If you make applications under the Hong Kong Public Offering as well as the International Placing**

By filling in any of the Application Forms or giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider, you agree not to apply for Hong Kong Public Offer Shares as well as Offer Shares in the International Placing. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received Offer Shares in the International Placing, and to identify and reject indications of interest in the International Placing from investors who have received Hong Kong Public Offer Shares in the Hong Kong Public Offering.

- **Full discretion of our Company or the Sole Global Coordinator or their respective agents or nominees or to reject or accept your application**

Our Company and the Sole Global Coordinator (as agent for our Company), or their respective agents and nominees, have full discretion to reject or accept any application, or to accept only part of any application. No reasons have to be given for any rejection or acceptance.

- **If the allotment of Hong Kong Public Offer Shares is void**

The allotment of Hong Kong Public Offer Shares to you or to HKSCC Nominees (if you give **electronic application instructions** or apply by a **YELLOW** Application Form) will be void if the Listing Committee does not grant permission to list the Offer Shares either:

  - within three weeks from the closing of the application lists; or
  - within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

- **You will not receive any allotment if:**

  - you make multiple applications or suspected multiple applications;
  - you or the person for whose benefit you apply for have applied for or taken up, or indicated an interest for or have received, or have been or will be placed or allocated (including conditionally and/or provisionally) any Offer Shares in the International Placing. By filling in any of the Application Forms or apply by giving **electronic application instructions** to HKSCC, you agree not to apply for or indicate an interest for Offer Shares in the International Placing. Reasonable steps will be taken to identify and reject

applications in the Hong Kong Public Offering from investors who have received Offer Shares in the International Placing, and to identify and reject indications of interest in the International Placing from investors who have received Hong Kong Public Offer Shares in the Hong Kong Public Offering;

- your payment is not made correctly or you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonoured upon its first presentation;

- your application is for more than 100% of the Hong Kong Public Offer Shares in either Pool A or Pool B being initially available under the Hong Kong Public Offering (i.e., 9,500,000 Hong Kong Public Offer Shares) as referred to under the section headed "Structure of the Global Offering — Conditions" in the Prospectus;

- we or the Sole Global Coordinator believe that by accepting your application, this would violate the applicable securities or other laws, rules or regulations in the jurisdictions in which your application is completed and/or signed;

- your Application Form is not completed in accordance with the instructions as stated in the Application Form (if you apply by an Application Form);

- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions set out in the designated website at **www.hkeipo.hk**;

- any of the Underwriting Agreements does not become unconditional; or

- any of the Underwriting Agreements is terminated in accordance with their terms thereof or otherwise.

You should also note that you may apply for Offer Shares under the Hong Kong Public Offering or indicate an interest for Offer Shares under the International Placing, but may not do both.

VIII. HOW MUCH ARE THE HONG KONG PUBLIC OFFER SHARES

The maximum offer price is HK$2.26 per Share. You must also pay brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% in full. This means that for every board lot of 2,000 Offer Shares you will pay approximately HK$4,565.57. The Application Forms have tables showing the exact amount payable for certain multiples of Offer Shares up to 9,500,000 Offer Shares.

You must pay the amount payable upon application for the Offer Shares by one cheque or one banker's cashier order in accordance with the terms set out in the Application Form (if you apply by an Application Form).

If your application is successful, brokerage is paid to participants of the Stock Exchange or the Stock Exchange (as the case may be), the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected on behalf of the SFC).

IX. REFUND OF APPLICATION MONIES

If your application is not successful or the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering — Conditions" in this prospectus, we will refund your application monies, including brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. No interest will be paid thereon. All interest accrued on such monies prior to the date of despatch of refund cheques will be retained for the benefit of our Company.

If your application is accepted only in part, we will refund the appropriate portion of your application monies, including the related brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, without interest.

If the Offer Price as finally determined is less than the offer price per Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee thereon) initially paid on application, we will refund the surplus application monies, together with the related brokerage of 1%, SFC transaction levy of 0.003%, and Stock Exchange trading fee of 0.005%, without interest.

In a contingency situation involving a substantial over-subscription, at the discretion of our Company and the Sole Global Coordinator, cheques for applications for certain small denominations of Hong Kong Public Offer Shares (apart from successful applications) may not be cleared.

Refund of your application monies (if any) will be made on Wednesday, 12 January 2011 in accordance with the various arrangements as described in this section.

All refunds by cheque will be crossed "Account Payee Only", and made out to you (or in case of joint applicants, the first-named applicant on the Application Form). Part of your Hong Kong identity card number/passport number, (or in case of joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant) provided by you may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purpose. A banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of or may invalidate your refund cheque.

If you apply through the **HK eIPO White Form** service and paid the application monies from a single bank account, refund monies (if any) will be despatched to your application payment bank account in the form of e-Auto Refund payment instructions. If you apply through the **HK eIPO White Form** service and paid the application monies from multiple

bank accounts, refund monies (if any) will be despatched to the address as specified in your **HK eIPO White Form** application in the form of refund cheque(s), by ordinary post at your own risk.

X. DEALINGS AND SETTLEMENT

1. Commencement of dealings in the Shares

Dealings in the Shares on the Stock Exchange are expected to commence on Thursday, 13 January 2011.

The Shares will be traded in board lots of 2,000 Shares each. The stock code of the Shares is 1323.

2. Offer Shares will be eligible for admission into CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

Deloitte.
德勤

德勤・關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

31 December 2010

The Directors
Newtree Group Holdings Limited
CCB International Capital Limited

Dear Sirs,

We set out below our report on the financial information (the "**Financial Information**") regarding Newtree Group Holdings Limited (formerly known as Newtree Clinical Consumables Holdings Limited) (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") for each of the three years ended 31 March 2010 and three months ended 30 June 2010 (the "**Relevant Periods**"), for inclusion in the prospectus of the Company dated 31 December 2010 (the "**Prospectus**") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company, which acts as an investment holding company, was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands on 9 June 2010. Pursuant to a group reorganization, as more fully explained in the section headed "History, reorganization and group structure" in the Prospectus (the "**Group Reorganization**"), the Company became the holding company of the Group on 24 December 2010.

As at the date of this report, the Company has the following subsidiaries comprising the Group:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company		Principal activities
			Direct %	*Indirect* %	
Greenstar Enviro-Tech Investments Company Limited ("**Greenstar Enviro-Tech**")	British Virgin Islands ("**BVI**") 12 January 2010	USD10,000	100	—	Investment holding
Two-Two-Free Limited — Macao Commercial Offshore ("**Two-Two-Free**")	Macau 5 February 2004	MOP$100,000	—	100	Trading of plastic products
Ramber Industrial Limited ("**Ramber**")	Hong Kong ("**HK**") 16 June 1989	HK$2	—	100	Investment holding
Tary Limited ("**Tary**")	HK 14 March 1986	HK$1,000,000	—	100	Trading of plastic products
Nupoly Medical Supply Development Co. Limited ("**Nupoly**")	HK 25 March 2010	HK$1	—	100	Inactive
惠州市駿洋塑膠有限公司 Huizhou Junyang Plastic Co., Ltd.* ("**Huizhou Junyang**")	The People's Republic of China (the "**PRC**") 24 October 2000	USD5,000,000	—	100	Manufacturing of plastic products
北京覃寶康醫療發展科技有限公司 Beijing Chum Baokang Medical Technological Development Company Limited* ("**Beijing Chum Baokang**")	The PRC 16 September 2010	—**	—	100	Inactive

* *English translated name is for identification purpose only.*

** *The registered capital is HK$1,200,000, up to the date of this report, no registered capital has been paid up.*

No audited statutory financial statements have been prepared for the Company and Greenstar Enviro-Tech since their respective dates of incorporation as there is no statutory requirement to do so in their jurisdiction.

No audited statutory financial statements have been prepared for Nupoly and Beijing Chum Baokang as their first statutory financial statements are not yet due to be issued.

For the purpose of this report, we have, however, reviewed all the relevant transactions of these companies since their respective dates of incorporation/establishment to 30 June 2010, where this is a shorter period and carried out such procedures as we considered necessary for inclusion of the financial information relating to these companies.

All companies now comprising the Group have adopted 31 March, as the financial year end date, other than Tary, Huizhou Junyang and Beijing Chum Baokang, each of which has its statutory financial year ends on 31 December.

The audited statutory financial statements of the Company's subsidiaries incorporated/established in HK, Macau and the PRC were prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises incorporated/established in HK, Macau and the PRC and were audited by:

Name of subsidiary	Periods covered	Certified Public Accountants
Two-Two-Free	Each of the three years ended 31 March 2010	CSC & Associates, Auditors
Tary	Each of the three years ended 31 December 2009	Richard S. K. Chan & Co. Certified Public Accountants (Practising)
Huizhou Junyang	Each of the two years ended 31 December 2008	惠州市正大會計師事務所有限公司
	For the year ended 31 December 2009	惠州市尚品信源會計師事務所
Ramber	Each of the three years ended 31 March 2010	Richard S. K. Chan & Co. Certified Public Accountants (Practising)

For the purpose of this report, we have undertaken our own independent audit, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), of the financial statements of Two-Two-Free, Tary, Ramber and Huizhou Junyang for each of the three years ended 31 March 2010 and three months ended 30 June 2010, and carried out necessary audit procedures on the management accounts of the Company, Greenstar Enviro-Tech and Nupoly from the respective date of incorporation to 30 June 2010 which have been prepared under Hong Kong Financial Reporting Standards ("**HKFRSs**") (collectively referred as to the "**Underlying Financial Statements**"). We have examined the Underlying Financial Statements in accordance with the Auditing Guideline "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of the Group for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements, on the basis set out in note 1 of Section A below, after making such adjustments as we consider appropriate for the purpose of preparing our report for the inclusion in the Prospectus.

The Underlying Financial Statements are the responsibility of the directors of the respective companies who approve their issue. The directors of the Company are responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of presentation set out in note 1 of Section A below, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Company as at 30 June 2010 and of the Group as at 31 March 2008, 2009, and 2010 and 30 June 2010 and of the combined results and combined cash flows of the Group for the Relevant Periods.

The comparative combined statements of comprehensive income, cash flows and changes in equity of the Group for the three months ended 30 June 2009 together with the notes thereon have been extracted from the Group's unaudited combined financial information for the same period (the "**30 June 2009 Financial Information**") which was prepared by the directors of the Company solely for the purpose of this report. We conducted our review in accordance with the Hong Kong Standard of Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our review of the 30 June 2009 Financial Information consisted of making enquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the 30 June 2009 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 30 June 2009 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with HKFRSs.

A. FINANCIAL INFORMATION

Combined Statements of Comprehensive Income

	Notes	Year ended 31 March			Three months ended 30 June	
		2008	2009	2010	2009	2010
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Revenue	6	282,080	311,607	427,116	85,139	113,706
Cost of sales		(219,863)	(247,268)	(334,299)	(56,889)	(89,009)
		62,217	64,339	92,817	28,250	24,697
Other income	7	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		—	—	—	—	(3,746)
Profit before taxation		43,149	43,866	79,948	29,816	17,486
Taxation	8	—	(335)	(1,004)	(374)	(540)
Profit for the year/period	9	43,149	43,531	78,944	29,442	16,946
Other comprehensive income						
Exchange difference arising on translation		3,746	1,409	135	24	155
Total comprehensive income for the year/ period, attributable to owners of the Company		46,895	44,940	79,079	29,466	17,101
Earnings per share — basic *(HK cents)*	12	8.52	8.59	15.58	5.81	3.34

Combined Statements of Financial Position

	Notes	The Group				The Company
		As at 31 March			As at 30 June	As at 30 June
		2008	2009	2010	2010	2010
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS						
Property, plant and equipment	13	49,143	45,952	42,370	41,257	—
Prepaid lease payments	14	6,568	6,598	6,417	6,389	—
Amount due from a director	17(i)	11,000	61,000	—	—	—
		66,711	113,550	48,787	47,646	—
CURRENT ASSETS						
Inventories	15	69,434	33,607	43,773	34,965	—
Prepaid lease payments	14	192	197	198	198	—
Trade and other receivables and prepayments	16	50,287	32,942	124,754	82,163	—
Tax recoverable		288	—	—	—	—
Amounts due from directors	17(i)	10,826	56,808	155,933	—	—
Restricted bank deposit	18(i)	517	—	—	—	—
Bank balances and cash	18(ii)	7,980	17,861	9,237	32,982	—
		139,524	141,415	333,895	150,308	—
CURRENT LIABILITIES						
Trade and other payables and accruals	19	10,807	11,770	54,965	31,719	—
Amounts due to directors	17(ii)	89,472	95,964	100,325	61,202	—
Tax payable		—	335	1,339	1,879	—
		100,279	108,069	156,629	94,800	—
NET CURRENT ASSETS		39,245	33,346	177,266	55,508	—
		105,956	146,896	226,053	103,154	—
CAPITAL AND RESERVES						
Share/Paid-up capital	20	1,097	1,097	1,175	1,175	—
Reserves		104,859	145,799	224,878	101,979	—
		105,956	146,896	226,053	103,154	—

Combined Statements of Changes in Equity

	Share/ Paid-up capital *HK$'000*	Legal reserve *HK$'000 (Note i)*	Exchange reserve *HK$'000*	Other reserve *HK$'000 (Note ii)*	Retained profits *HK$'000*	Total *HK$'000*
At 1 April 2007	1,097	49	3,347	—	57,568	62,061
Profit for the year	—	—	—	—	43,149	43,149
Exchange differences arising on translation	—	—	3,746	—	—	3,746
Total comprehensive income for the year	—	—	3,746	—	43,149	46,895
Deemed distribution to the equity holder	—	—	—	(2,000)	—	(2,000)
Dividends recognized as distribution	—	—	—	—	(1,000)	(1,000)
At 31 March 2008	1,097	49	7,093	(2,000)	99,717	105,956
Profit for the year	—	—	—	—	43,531	43,531
Exchange differences arising on translation	—	—	1,409	—	—	1,409
Total comprehensive income for the year	—	—	1,409	—	43,531	44,940
Deemed distribution to the equity holder	—	—	—	(4,000)	—	(4,000)
At 31 March 2009	1,097	49	8,502	(6,000)	143,248	146,896
Profit for the year	—	—	—	—	78,944	78,944
Exchange differences arising on translation	—	—	135	—	—	135
Total comprehensive income for the year	—	—	135	—	78,944	79,079
Incorporation of subsidiaries	78	—	—	—	—	78
At 31 March 2010	1,175	49	8,637	(6,000)	222,192	226,053
Profit for the period	—	—	—	—	16,946	16,946
Exchange differences arising on translation	—	—	155	—	—	155
Total comprehensive income for the period	—	—	155	—	16,946	17,101
Dividend recognized as distribution	—	—	—	—	(140,000)	(140,000)
At 30 June 2010	1,175	49	8,792	(6,000)	99,138	103,154
UNAUDITED						
At 1 April 2009	1,097	49	8,502	(6,000)	143,248	146,896
Profit for the period	—	—	—	—	29,442	29,442
Exchange differences arising on translation	—	—	24	—	—	24
Total comprehensive income for the period	—	—	24	—	29,442	29,466
At 30 June 2009	1,097	49	8,526	(6,000)	172,690	176,362

Notes:

(i) In accordance with the provisions of Macao Commercial Code, Two-Two-Free is required to transfer a minimum of 25% of annual net profit to legal reserve until the legal reserve equals half of the quota capital. This reserve is not distributable to shareholders.

(ii) The other reserve represents the difference between the fair value of interest-free advance to Mr. Chum measured at amortized cost using the effective interest method and its principal amount at inception. Details are disclosed in note 17.

Combined Statement of Cash Flows

	Year ended 31 March			Three months ended 30 June	
	2008	2009	2010	2009	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
OPERATING ACTIVITIES					
Profit before taxation	43,149	43,866	79,948	29,816	17,486
Adjustments for:					
Depreciation of property, plant and equipment	4,511	5,148	5,344	1,344	1,353
Amortization of prepaid lease payments	184	197	197	48	50
Interest income	(143)	(34)	(30)	(3)	(3)
Imputed interest income arising on the amount due from a director	—	(1,000)	(5,000)	(1,250)	—
Impairment loss recognized on other receivables	—	—	—	—	68
(Gain) loss on disposal of property, plant and equipment	(190)	6	(12)	—	—
Operating cash flows before movements in working capital	47,511	48,183	80,447	29,955	18,954
(Increase) decrease in inventories	(22,725)	35,827	(10,166)	2,572	8,808
(Increase) decrease in trade and other receivables and prepayments	(12,660)	17,345	(91,812)	(18,209)	42,523
(Decrease) increase in trade and other payables and accruals	(6,753)	963	43,195	(2,208)	(23,246)
Cash generated from operations	5,373	102,318	21,664	12,110	47,039
Income tax (paid) refund	(576)	288	—	—	—
NET CASH FROM OPERATING ACTIVITIES	4,797	102,606	21,664	12,110	47,039
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(1,443)	(235)	(1,715)	(629)	(99)
(Increase) decrease in restricted bank deposit	(517)	517	—	—	—
Advance to directors	(44,699)	(109,326)	(91,430)	(13,180)	(24,439)
Repayment of amounts due from directors	32,105	10,344	58,383	3,913	7
Interest received	143	34	30	3	3
Proceeds on disposal of property, plant and equipment	376	—	74	—	—
NET CASH USED IN INVESTING ACTIVITIES	(14,035)	(98,666)	(34,658)	(9,893)	(24,528)

	Year ended 31 March			Three months ended 30 June	
	2008	**2009**	**2010**	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
FINANCING ACTIVITIES					
Advance from directors	12,594	95,386	100,325	2,212	1,282
Repayment of amounts due to directors	(6,093)	(89,472)	(95,964)	—	(40)
Dividend paid	(1,000)	—	—	—	—
NET CASH FROM FINANCING ACTIVITIES	5,501	5,914	4,361	2,212	1,242
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,737)	9,854	(8,633)	4,429	23,753
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/ PERIOD	11,336	7,980	17,861	17,861	9,237
Effect of foreign exchange rate changes	381	27	9	4	(8)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD represented by bank balances and cash	7,980	17,861	9,237	22,294	32,982

Notes to the Financial Information

1. BASIS OF PRESENTATION OF FINANCIAL INFORMATION

Throughout the Relevant Periods (or since their respective date of incorporation/establishment to 30 June 2010, if shorter), the group entities were under the control of the four founding shareholders, namely Mr. Chum, Mrs. Chum, Mr. Desmond Chum and Ms. Shirley Chum (the "**Founding Shareholders**").

The Founding Shareholders set up a discretionary family trust on 28 June 2010 ("**The Chum's Family Trust**"). The Company was incorporated on 9 June 2010 in Cayman Islands with limited liability, owned by Mr. Chum. Greenstar Enviro-Tech was incorporated on 12 January 2010 in BVI with limited liability. Nupoly was incorporated on 25 March 2010 in HK with limited liability. Greenstar Enviro-Tech and Nupoly were owned by Mr. Chum.

On 27 July 2010, Mr. Chum transferred his 100% interest in Greenstar Enviro-Tech to Able Bright Limited ("**Able Bright**"), which the entire issued share capital is owned by The Chum's Family Trust.

On 24 September 2010, Mr. Chum and Mrs. Chum transferred their 100% interest in Two-Two-Free to Greenstar Enviro-Tech.

On 14 December 2010, Mr. Chum transferred his 100% interest in the Company to Able Bright.

On 14 December 2010, sale and purchase agreements were entered into between (a) Ramber which was held by Mr. Chum and Mrs. Chum, (b) Tary which was held by Mr. Chum and Mrs. Chum, (c) Nupoly which was held by Mr. Chum, (d) Greenstar Enviro-Tech and (e) Able Bright. Pursuant to the sale and purchase agreements, Greenstar Enviro-Tech became the holding company of Ramber, Tary and Nupoly.

On 24 December 2010, the Company entered into an agreement with Able Bright under which Able Bright transferred its 100% interest in Greenstar-Enviro-Tech to the Company. The Company became the holding company of the companies now comprising the Group since 24 December 2010, the date of the completion of Reorganization.

Accordingly, for the purpose of the preparation of the financial information of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the Relevant Periods. The Group comprising the Company and its subsidiaries resulting from the Group Reorganization is regarded as a continuing entity. The Group is under the control of the Founding Shareholders prior and after the Reorganization.

The combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flow for the Relevant Periods which include the results, changes in equity and cash flows of the companies comprising the Group have been prepared as if the current group structures had been in existence throughout the Relevant Periods, or since their respective dates of incorporation/establishment where it is a shorter period.

The combined statement of financial position as at the respective reporting dates have been prepared to present the assets and liabilities of the companies comprising the Group as if the group structure had been in existence at those dates.

The Financial Information has been presented in Hong Kong dollars ("**HKD**"), while the functional currency of the Company is United State dollars ("**USD**"). The directors selected HKD as the presentation currency because the directors consider that presenting the Financial Information in HKD is preferable when controlling and monitoring the performance and financial position of the Group.

The principal activity of the Company is investment holding. The Group's subsidiaries are engaged in manufacture and trading plastic products.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, the Group adopted Hong Kong Accounting Standards ("**HKASs**"), Hong Kong Financial Reporting Standards ("**HKFRSs**"), amendments and interpretations ("**HK(IFRIC) — Int**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") which are effective for the Group's financial year beginning on 1 April 2010 consistently for the Relevant Periods.

At the date of this report, the HKICPA has issued the following new or revised standards, amendments or interpretations which are not yet effective for the Relevant Periods.

HKFRSs (Amendments)	Improvement in HKFRSs 2010[1]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[6]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKFRS 1 (Amendments)	Limited Exemption from comparative HKFRS 7 Disclosures for First-time Adopter[2]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendments)	Disclosures: Transfer of Financial Assets [5]
HKFRS 9	Financial Instruments[4]
HK(IFRIC) — Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 July 2010.
3 Effective for annual periods beginning on or after 1 January 2011.
4 Effective for annual periods beginning on or after 1 January 2013.
5 Effective for annual periods beginning on or after 1 July 2011.
6 Effective for annual periods beginning on or after 1 January 2012.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognized financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortized cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost. All other debt investments, and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new or revised standards, amendments and interpretations will have no material impact on the Financial Information.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on the historical cost basis, as explained in the accounting policies set out below which conform with HKFRSs.

In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and by the Hong Kong Companies Ordinance.

Basis of combination

The Financial Information incorporates the financial statements of companies now comprising the Group.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on combination.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business net of surcharges.

Sales of goods is recognized when the goods are delivered and title has passed.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment including building held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

Construction in progress includes property, plant and equipment in the course of construction for its own use purposes. Construction in progress is carried at cost less any recognized impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognized.

Prepaid lease payments

Payments for obtaining land use rights are accounted for as prepaid lease payments and are charged to the profit or loss on a straight-line basis over the lease terms. Land use rights which are to be amortized in the next twelve months or less are classified as current assets.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purposes of presenting the Financial Information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HKD) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (the exchange reserve).

Retirement benefit costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are charged as expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit as reported in the combined statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognized in profit or loss, except when it relates to items that are recognized in other comprehensive income or directly in equity, in which case the deferred tax is also recognized in other comprehensive income or directly in equity respectively.

Financial instruments

Financial assets and financial liabilities are recognized in the combined statements of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognized on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from directors, restricted bank deposit and bank balances) are carried at amortized cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of loan and receivables below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

An impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of trade receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days to 90 days, observable changes in national or local economic conditions that correlate with default on trade receivables.

For financial assets carried at amortized cost, an impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

The carrying amount of all financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognized on an effective interest basis.

Financial liabilities

The Group's financial liabilities (including trade and other payables and amount due to a director) are subsequently measured at amortized cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Impairment losses

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, which are described in note 3, the management has made various estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are based on past experience, expectations of the future and other information that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment

In applying the accounting policy on property, plant and equipment with respect to depreciation, management estimates the useful lives of various categories of property, plant and equipment according to the industrial experiences over the usage of property, plant and equipment and also by reference to the relevant industrial norm. If the actual useful lives of property, plant and equipment is less than the original estimate useful lives due to changes in commercial and technological environment, such differences will impact the depreciation charge for the remaining period.

Estimated allowances for inventories

The management estimates the net realizable value of inventories based primarily on the latest market prices and current market conditions. The Group carries out an inventory review at the end of the reporting period and makes allowances on obsolete and slow moving items to write off inventories to their net realizable values. Where the expectation on the net realizable value is lower than the carrying amount, an impairment loss may arise.

Estimated impairment of trade receivables and other receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, an impairment loss may arise. As at 31 March 2008, 2009 and 2010 and 30 June 2010, the carrying amounts of trade receivables are approximately HK$34,002,000, HK$16,038,000, HK$106,495,000 and HK$63,649,000, respectively, and other receivables are approximately HK$2,934,000, HK$242,000, HK$979,000 and HK$1,041,000 (net of impairment loss recognised of nil, nil, nil and HK$68,000), respectively.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 March			As at 30 June
THE GROUP	**2008**	**2009**	**2010**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets				
Loans and receivables (including cash and cash equivalents)	69,952	162,703	285,922	111,753
Financial liabilities				
Amortized cost	99,149	107,071	152,486	92,228

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from (to) a director(s), restricted bank deposit, bank balances and trade and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with certain of these financial instruments and the policies on how to mitigate credit risks, liquidity risks and market risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

There has been no change to the Group's exposure to market risk or the manner in which it manages and measures the risk.

(i) Currency risk

Certain sales transactions of the Group are denominated in foreign currencies, which exposes the Group to foreign currency risk. The Group does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Certain monetary financial assets are denominated in foreign currencies at the end of the reporting period. The exposure in exchange rate risks mainly arises from fluctuations of USD, HKD and Macau Pataca ("**MOP**"). The Group's currency risk exposure in relation to the monetary financial assets is expected to be minimal as HKD and MOP are pegged with USD and, therefore, no sensitivity analysis of foreign currencies against the functional currency of respective group entity is disclosed.

(ii) Interest rate risk

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rate arising from the Group's bank deposits.

The Group's exposure to interest rate risk on bank deposits is expected to be minimal.

Credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the combined statements of financial position.

In order to minimise the credit risk, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

Bank balances are placed in various authorized institutions and the directors of the Company consider the credit risk of such authorized institutions is low.

The Group has concentration of credit risk on top five major customers which accounted for as 96.3%, 85.8%, 98.1% and 95.5% of the Group's total trade receivables as at 31 March 2008, 2009 and 2010 and 30 June 2010, respectively. Those top five major customers are reputable household and clinical plastic products company. In order to minimise the concentration of credit risk, the management has delegated staff responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure follow-up action is taken to recover overdue debts. The management also performs periodic evaluations and customer visits to ensure the Group's exposure to bad debts is not significant and adequate impairment losses are made for irrecoverable amount. In addition, the management aims at broadening the customer base by developing the PRC markets for degradable hygienic disposables and medical products. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

THE GROUP	**Weighted average effective interest rate** *%*	**Less than 30 days or on demand** *HK$'000*	**31–90 days** *HK$'000*	**Total undiscounted cash flows** *HK$'000*	**Carrying amount** *HK$'000*
At 31 March 2008					
Trade and other payables	—	9,677	—	9,677	9,677
Amounts due to directors	—	89,472	—	89,472	89,472
		99,149	—	99,149	99,149

	Weighted average effective interest rate *%*	**Less than 30 days or on demand** *HK$'000*	**31–90 days** *HK$'000*	**Total undiscounted cash flows** *HK$'000*	**Carrying amount** *HK$'000*
At 31 March 2009					
Trade and other payables	—	11,107	—	11,107	11,107
Amounts due to directors	—	95,964	—	95,964	95,964
		107,071	—	107,071	107,071

	Weighted average effective interest rate *%*	**Less than 30 days or on demand** *HK$'000*	**31–90 days** *HK$'000*	**Total undiscounted cash flows** *HK$'000*	**Carrying amount** *HK$'000*
At 31 March 2010					
Trade and other payables	—	33,517	18,644	52,161	52,161
Amounts due to directors	—	100,325	—	100,325	100,325
		133,842	18,644	152,486	152,486

	Weighted average effective interest rate	Less than 30 days or on demand	31–90 days	Total undiscounted cash flows	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 30 June 2010					
Trade and other payables	—	31,026	—	31,026	31,026
Amounts due to directors	—	61,202	—	61,202	61,202
		92,228	—	92,228	92,228

(c) Fair value

The fair value of financial assets and financial liabilities of the Group are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the Financial Information approximate their fair values.

(d) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of the Group consists amount due to a director, cash and cash equivalent and equity attributable to the owners of the Company, comprising issued share capital and retained profits.

The management of the Group reviews the capital structure regularly. As part of this review, the management considers the cost and the risks associated with each class of the capital. Based on recommendations of the management, the Group and the Company will balance its overall capital structure through the payment of dividends and raising of new capital as well as the issue of debt.

6. REVENUE AND SEGMENTAL INFORMATION

The Group has adopted HKFRS 8 "Operating Segments", which requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The board of directors are the chief operating decision maker as they collectively make strategic decision towards the group entity's operation.

The Group is organized into the following reportable operating segments, by category of products for the Relevant Periods:

- Household application products; and
- Clinical application products.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment result represents the profit earned by each segment without allocation of selling and distribution expenses, administrative expenses, listing expenses and other income. Segment assets represent trade and bills receivables, work-in-progress and finished goods which are attributable to each segment. This is the measure reported to the board of directors for the purpose of resource allocation and performance assessment. As the total liabilities are reviewed by the board of directors as a whole, the measure of total liabilities by each segment is therefore not presented.

An analysis of the Group's profit before taxation and assets for the Relevant Periods by operating segment is as follows:

	For the year ended 31 March 2008		
	Household application products	**Clinical application products**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Revenue from external customers	250,349	31,731	282,080
Segment result	59,520	2,697	62,217
Unallocated income:			
Bank interest income			143
Gain on disposal of property, plant and equipment			190
Other income			4,295
Unallocated expenses:			
Depreciation of property, plant and equipment			(1,960)
Amortization of prepaid lease payments			(184)
Other expenses			(21,552)
Profit before taxation			43,149
Segment assets as at 31 March 2008	42,930	9,136	52,066
Unallocated assets:			
Property, plant and equipment			49,143
Prepaid lease payments			6,760
Inventories			56,940
Other receivables and prepayments			10,715
Tax recoverable			288
Amounts due from directors			21,826
Restricted bank deposit			517
Bank balances and cash			7,980
Combined assets as at 31 March 2008			206,235

	For the year ended 31 March 2009		
	Household application products	**Clinical application products**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Revenue from external customers	259,047	52,560	311,607
Segment result	63,602	737	64,339
Unallocated income:			
Bank interest income			34
Imputed interest income arising on the amount due from a director			1,000
Unallocated expenses:			
Depreciation of property, plant and equipment			(1,819)
Amortization of prepaid lease payments			(197)
Other expenses			(19,491)
Profit before taxation			43,866
Segment assets as at 31 March 2009	30,980	9,493	40,473
Unallocated assets:			
Property, plant and equipment			45,952
Prepaid lease payments			6,795
Inventories			20,168
Other receivables and prepayments			5,908
Amounts due from directors			117,808
Bank balances and cash			17,861
Combined assets as at 31 March 2009			254,965

	For the year ended 31 March 2010		
	Household application products	**Clinical application products**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Revenue from external customers	225,169	201,947	427,116
Segment result	74,654	18,163	92,817
Unallocated income:			
Bank interest income			30
Gain on disposal of property, plant and equipment			12
Imputed interest income arising on the amount due from a director			5,000
Other income			2,455
Unallocated expenses:			
Depreciation of property, plant and equipment			(1,953)
Amortization of prepaid lease payments			(197)
Other expenses			(18,216)
Profit before taxation			79,948
Segment assets as at 31 March 2010	117,067	10,977	128,044
Unallocated assets:			
Property, plant and equipment			42,370
Prepaid lease payments			6,615
Inventories			36,447
Other receivables and prepayments			4,036
Amounts due from directors			155,933
Bank balances and cash			9,237
Combined assets as at 31 March 2010			382,682

	For the three months 30 June 2010		
	Household application products	**Clinical application products**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Revenue from external customers	53,398	60,308	113,706
Segment result	18,694	6,003	24,697
Unallocated income:			
Bank interest income			3
Other income			2,292
Unallocated expenses:			
Depreciation of property, plant and equipment			(495)
Amortization of prepaid lease payments			(50)
Listing expenses			(3,746)
Other expenses			(5,215)
Profit before taxation			17,486
Segment assets as at 30 June 2010	29,227	59,750	88,977
Unallocated assets:			
Property, plant and equipment			41,257
Prepaid lease payments			6,587
Inventories			24,727
Other receivables and prepayments			3,424
Bank balances and cash			32,982
Combined assets as at 30 June 2010			197,954

	For the three months 30 June 2009		
	Household application products	**Clinical application products**	**Total**
	HK$'000 (unaudited)	*HK$'000* (unaudited)	*HK$'000* (unaudited)
Revenue from external customers	66,700	18,439	85,139
Segment result	25,950	2,300	28,250
Unallocated income:			
Bank interest income			3
Imputed interest income arising on the amount due from a director			1,250
Other income			5,224
Unallocated expenses:			
Depreciation of property, plant and equipment			(502)
Amortization of prepaid lease payments			(48)
Other expenses			(4,361)
Profit before taxation			29,816

At the end of the reporting period, other than the amount due from a director, substantially all of the non-current assets are located in the PRC.

(a) Information about major customers

For the year ended 31 March 2008

The revenue from the Group's largest customer which involved in household products was approximately HK$79,318,000, representing 28.1% to the total sales of the Group for the year ended 31 March 2008.

In addition to the largest customer, there are three customers involved in household products contributing about 25.4%, 13.5% and 12.5% to the total sales of the Group. The revenue of these three customers was approximately HK$71,566,000, HK$38,056,000 and HK$35,348,000, respectively.

For the year ended 31 March 2009

The revenue from the Group's largest customer which involved in household products was approximately HK$89,600,000, representing 28.8% to the total sales of the Group for the year ended 31 March 2009.

In addition to the largest customer, there are three customers involved in household products contributing about 19.0%, 11.9% and 11.1% to the total sales of the Group. The revenue of these three customers was approximately HK$59,192,000, HK$37,126,000 and HK$34,486,000, respectively.

For the year ended 31 March 2010

The revenue from the Group's largest customer which involved in clinical products was approximately HK$139,056,000, representing 32.6% to the total sales of the Group for the year ended 31 March 2010.

In addition to the largest customer, there are three customers involved in household products contributing about 19.0%, 17.4% and 13.3% to the total sales of the Group. The revenue of these three customers was approximately HK$81,228,000, HK$74,249,000 and HK$56,983,000, respectively.

For the three months ended 30 June 2010

The revenue from the Group's largest customer which involved in clinical products was approximately HK$51,299,000, representing 45.1% to the total sales of the Group for the three months ended 30 June 2010.

In addition to the largest customer, there are two customers involved in household products contributing about 24.5% and 11.2% to the total sales of the Group. The revenue of these two customers was approximately HK$27,856,000 and HK$12,696,000, respectively.

For the three months ended 30 June 2009 (unaudited)

The revenue from the Group's largest customer which involved in household products was approximately HK$24,746,000, representing 29.1% to the total sales of the Group for the three months ended 30 June 2009.

In addition to the largest customer, there are two customers involved in household products contributing about 25.3% and 16.9% to the total sales of the Group. The revenue of these two customers was approximately HK$21,569,000 and HK$14,414,000, respectively.

(b) Information about geographical areas

In determining the Group's information about geographical areas, revenue are attributed based on the location of the customers.

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods.

	Revenue by geographical market				
	Year ended 31 March			Three months ended 30 June	
	2008	2009	2010	2009	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
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
	282,080	311,607	427,116	85,139	113,706

7. OTHER INCOME

	Year ended 31 March			Three months ended 30 June	
	2008	2009	2010	2009	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Bank interest income	143	34	30	3	3
Gain on disposal of property, plant and equipment	190	—	12	—	—
Exchange gain	3,789	—	2,242	5,141	2,163
Imputed interest income arising on the amount due from a director	—	1,000	5,000	1,250	—
Others	506	—	213	83	129
	4,628	1,034	7,497	6,477	2,295

8. TAXATION

	Year ended 31 March			Three months ended 30 June	
	2008	2009	2010	2009	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Tax charge comprises:					
Current tax					
— PRC Enterprise Income Tax ("**EIT**")	—	335	1,004	374	540

(i) Hong Kong

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the years ended 31 March 2009 and 2010, and three months ended 30 June 2009 and 2010.

No provision for Hong Kong Profits Tax has been made in the financial statements as the Hong Kong subsidiaries of the Group had no assessable profit for the Relevant Periods.

(ii) PRC

Prior to 2008, the Group's subsidiary in the PRC of a production nature established in the coastal economic open zones was subject to PRC Foreign Invested Enterprise Income Tax of 27% in accordance with the relevant income tax rules and regulations in the PRC.

On 16 March 2007, the PRC promulgated the Law on Enterprise Income Tax (the "**New EIT Law**") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulation of the EIT Law. Under the New EIT Law and Implementation Regulation, the statutory EIT rate of the Group's subsidiary in the PRC has been reduced to 25% from 1 January 2008 onwards.

Notwithstanding the above, under the old enterprise income tax system in the PRC, Huizhou Junyang is entitled to exemptions from the FIEIT for two years commencing from its first profit-making year and thereafter entitled to a 50% relief from FIEIT for the next three years (the "**Manufacturing Income Tax Holidays**"). According to Guofa [2007] No. 39, the PRC enterprises which have started to enjoy the Manufacturing Income Tax Holidays before the effective date of the New EIT Law can continue to enjoy the remaining period of the Manufacturing Income Tax Holidays. For those PRC enterprises whose Manufacturing Income Tax Holidays has not yet started before the effective date of the New EIT Law, they are deemed to have started to enjoy them from 1 January 2008.

However, taking into account the tax position of Huizhou Junyang in the PRC, the first profit-making year is deemed to have started from the year ended 31 December 2007 and thus Huizhou Junyang calculated the FIEIT at 100% EIT exemption for the fiscal years ended 31 December 2007 and 2008, and at 50% EIT reduction and thus an effective rate of 12.5% for the fiscal years ended/ending 31 December 2009, 2010 and 2011.

(iii) Macau

As stated in the Decree Law No. 58/59/M, Chapter 2, Article 12, dated 18 October 1999 of Macau, Two-Two-Free is exempted from Macao Complementary Tax.

The tax charge for the Relevant Periods can be reconciled to the profit before taxation per the combined statements of comprehensive income as follows:

	Year ended 31 March			Three months ended 30 June	
	2008	**2009**	**2010**	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Profit before taxation	43,149	43,866	79,948	29,816	17,486
Tax at domestic tax rates applicable to profits of taxable entitles in the countries concerned	5,768	9,136	19,986	6,108	4,372
Tax effect of income not taxable for tax purpose	(28)	(216)	(1,258)	(314)	(1)
Tax effect of PRC tax holidays/ exemption granted to a group entity	(11,718)	(8,641)	(21,875)	(5,405)	(3,847)
Tax effect of tax loss not recognized	5,978	56	4,196	—	16
Utilization of tax losses previously not recognized	—	—	(45)	(15)	—
Tax charge for the year/period	—	335	1,004	374	540

No deferred tax asset has been recognized in respect of the tax losses due to the unpredictability of future profit streams.

Under the EIT Law in PRC, starting from 1 January 2008, 10% withholding income tax is imposed on dividends declared in respect of profits earned from 1 January 2008 onwards to foreign investors for the companies established in the PRC. For qualified investors incorporated in Hong Kong, a treaty rate of 5% will be applicable. Deferred taxation has not been provided for in the Financial Information in respect of temporary differences attributable to accumulated (losses) profits of Huizhou Junyang amounting to HK$(10,288,000), HK$11,695,000, HK$(4,040,000) and HK$(2,671,000) as at 31 March 2008, 2009 and 2010 and 30 June 2010, respectively, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

There was no other significant unprovided deferred taxation for the Relevant Periods on or at the end of respective reporting period.

9. PROFIT FOR THE YEAR/PERIOD

	Year ended 31 March			Three months ended 30 June	
	2008	2009	2010	2009	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Profit for the year/period has been arrived at after charging (crediting):					
Auditor's remuneration	56	58	59	15	15
Directors' remuneration *(note 10)*	2,068	136	136	34	34
Other staff costs	10,243	8,860	8,474	2,272	2,137
Retirement benefit schemes contribution	411	492	357	78	125
Total staff cost	12,722	9,488	8,967	2,384	2,296
Cost of inventories	219,863	247,268	334,299	56,889	89,009
Depreciation of property, plant and equipments	4,511	5,148	5,344	1,344	1,353
Amortization of prepaid lease payments	184	197	197	48	50
(Gain) loss on disposal of property, plant and equipment	(190)	6	(12)	—	—
Impairment loss recognized on other receivables	—	—	—	—	68
Net exchange (gain) loss	(3,789)	1,110	(2,242)	(5,141)	(2,163)

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors

Details of the emoluments paid to the directors for the Relevant Periods are as follows:

	Year ended 31 March			Three months ended 30 June	
	2008	2009	2010	2009	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Directors' fees	—	—	—	—	—
Salaries and other allowances	125	136	136	34	34
Bonus	—	—	—	—	—
Retirement benefit schemes contributions	—	—	—	—	—
Others	1,943	—	—	—	—
	2,068	136	136	34	34
Directors:					
Mr. Chum 覃通衡	—	—	—	—	—
Mrs. Chum 李秀清 *(note i)*	1,943	—	—	—	—
Mr. Desmond Chum 覃漢昇 *(note ii)*	125	136	136	34	34
	2,068	136	136	34	34

Notes:

(i) Being the spouse of Mr. Chum. The amount represented the commission paid for her introduction of new customers to the Group during the Relevant Periods.

(ii) Being the son of Mr. Chum and Mrs. Chum.

Employees

Of the five highest paid individuals of the Group for the Relevant Periods, the number of directors and employees are as follows:

	Year ended 31 March			Three months ended 30 June	
	2008	**2009**	**2010**	**2009**	**2010**
				(unaudited)	
Directors	2	1	1	1	1
Employees	3	4	4	4	4
	5	5	5	5	5

The aggregate remunerations of the above five highest paid individuals are set out above. The remunerations of the remaining individuals for the Relevant Periods are as follows:

	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)	
Salaries and other allowances	731	950	784	156	176
Retirement benefit scheme contributions	18	14	2	1	1
	749	964	786	157	177

Note: The emolument of each of the above employees is below HK$1,000,000.

During the Relevant Periods, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during the Relevant Periods.

11. DIVIDENDS

No dividend has been paid or declared by the Company since its date of incorporation.

The dividend recognized as distribution amounted to HK$1,000,000 during the year ended 31 March 2008 represented the dividend paid by Tary to its shareholders. The dividend recognized as distribution amounted to HK$140,000,000 during the three months ended 30 June 2010, was declared by Two-Two-Free on 30 June 2010 and was settled through the balances with its shareholders.

12. EARNINGS PER SHARE

The calculation of the basic earnings per share for the Relevant Periods is based on the following data:

	Year ended 31 March			Three months ended 30 June	
	2008	**2009**	**2010**	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Profit for the year/period attributable to owners of the Company for the purposes of basic earnings per share	43,149	43,531	78,944	29,442	16,946
Weighted average number of shares for the purposes of basic earnings per share	506,666,000	506,666,000	506,666,000	506,666,000	506,666,000

The calculation of the basic earnings per share is based on the profit attributable to owners of the Company for each of the reporting period in the Relevant Periods and the weighted average number of ordinary shares for the purpose of basic earnings per share assuming the capitalization issue as disclosed in Appendix VI of the Prospectus occurred on the first day of the Relevant Periods, and the assumption that the Group Reorganization had been effective on 1 April 2007.

No diluted earnings per share is presented as the Company did not have potential ordinary shares outstanding during the Relevant Periods.

13. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	Buildings	Plant and machinery	Motor vehicles	Leasehold improvement	Furniture, fixtures, and equipment	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST							
At 1 April 2007	22,997	29,721	2,092	2,133	1,321	7,593	65,857
Additions	—	819	—	—	91	533	1,443
Disposals	—	—	(1,251)	—	—	—	(1,251)
Exchange realignment	1,939	2,549	160	183	97	651	5,579
At 31 March 2008	24,936	33,089	1,001	2,316	1,509	8,777	71,628
Additions	—	228	—	—	7	—	235
Disposals	—	—	—	—	(13)	—	(13)
Exchange realignment	880	1,187	28	83	45	314	2,537
Transfer	6,052	3,039	—	—	—	(9,091)	—
At 31 March 2009	31,868	37,543	1,029	2,399	1,548	—	74,387
Additions	—	421	522	—	85	687	1,715
Disposals	—	—	(160)	—	(11)	—	(171)
Exchange realignment	82	98	2	6	3	—	191
Transfer	687	—	—	—	—	(687)	—
At 31 March 2010	32,637	38,062	1,393	2,405	1,625	—	76,122
Additions	—	93	—	—	6	—	99
Exchange realignment	110	130	3	8	5	—	256
At 30 June 2010	32,747	38,285	1,396	2,413	1,636	—	76,477
DEPRECIATION							
At 1 April 2007	4,086	10,631	1,149	657	817	—	17,340
Provided for the year	1,059	2,801	213	220	218	—	4,511
Eliminated on disposals	—	—	(1,065)	—	—	—	(1,065)
Exchange realignment	402	1,055	103	68	71	—	1,699
At 31 March 2008	5,547	14,487	400	945	1,106	—	22,485
Provided for the year	1,308	3,245	189	299	107	—	5,148
Eliminated on disposals	—	—	—	—	(7)	—	(7)
Exchange realignment	201	527	11	35	35	—	809
At 31 March 2009	7,056	18,259	600	1,279	1,241	—	28,435
Provided for the year	1,434	3,400	253	180	77	—	5,344
Eliminated on disposals	—	—	(98)	—	(11)	—	(109)
Exchange realignment	21	53	1	4	3	—	82
At 31 March 2010	8,511	21,712	756	1,463	1,310	—	33,752
Provided for the period	365	859	49	60	20	—	1,353
Exchange realignment	30	75	2	5	3	—	115
At 30 June 2010	8,906	22,646	807	1,528	1,333	—	35,220
CARRYING VALUES							
At 31 March 2008	19,389	18,602	601	1,371	403	8,777	49,143
At 31 March 2009	24,812	19,284	429	1,120	307	—	45,952
At 31 March 2010	24,126	16,350	637	942	315	—	42,370
At 30 June 2010	23,841	15,639	589	885	303	—	41,257

At the end of the reporting period, the Group had not obtained the formal building ownership certificates for certain of properties included in buildings above. The carrying value was approximately HK$4,637,000, HK$10,431,000, HK$10,598,000 and HK$10,491,000 as at 31 March 2008, 2009 and 2010 and 30 June 2010,

respectively. In the opinion of directors, the absence of formal title to these properties does not impair their values to the Group as the Group had obtained approvals from the relevant authorities for constructing and using such properties.

The above items of property, plant and equipment other than construction in progress are depreciated over their estimated useful lives on a straight-line basis at the following rates per annum:

Buildings	Over the term of the leases, or 20 years whichever is the shorter
Plant and machinery	10%
Motor vehicles	20%
Leasehold improvement	10% or over the term of the relevant lease, whichever is shorter
Furniture, fixtures and equipment	20%

Details of property, plant and equipment pledged are set out in Note 23.

	As at 31 March			As at 30 June
	2008	2009	2010	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
The carrying value of properties shown above comprise:				
Situated on leasehold land under medium-term lease located in:				
— PRC	19,038	24,468	23,790	23,507
— Macau	351	344	336	334
	19,389	24,812	24,126	23,841

14. PREPAID LEASE PAYMENTS

	As at 31 March			As at 30 June
THE GROUP	**2008**	**2009**	**2010**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Prepaid lease payments comprise:				
Leasehold land under medium-term lease located in:				
— PRC	6,505	6,572	6,424	6,404
— Macau	255	223	191	183
	6,760	6,795	6,615	6,587
Analysed for reporting purposes as:				
Current assets	192	197	198	198
Non-current assets	6,568	6,598	6,417	6,389
	6,760	6,795	6,615	6,587

Prepaid lease payments is amortized over the term of the rights on a straight-line basis of 25 to 50 years for three years ended 31 March 2010 and three months ended 30 June 2009 and 2010.

Details of land pledged are set out in Note 23.

15. INVENTORIES

THE GROUP	As at 31 March 2008	As at 31 March 2009	As at 31 March 2010	As at 30 June 2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At cost:				
Raw materials	56,940	20,168	36,447	24,727
Work-in-progress	2,051	997	3,555	3,322
Finished goods	10,443	12,442	3,771	6,916
	69,434	33,607	43,773	34,965

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

THE GROUP	As at 31 March 2008	As at 31 March 2009	As at 31 March 2010	As at 30 June 2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	34,002	16,038	106,495	63,649
Bills receivables	5,570	10,996	14,223	15,090
Prepayments	7,781	5,666	3,057	2,383
Other receivables	2,934	242	979	1,041
	50,287	32,942	124,754	82,163

The Group generally allows an average credit period of 30 days to 90 days to its trade customers. The aged analysis of the Group's trade receivables (net of allowance for doubtful debts) and bills receivables at the end of the reporting period is as follows:

	As at 31 March 2008	As at 31 March 2009	As at 31 March 2010	As at 30 June 2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade and bills receivables:				
0–30 days	18,093	22,118	27,141	40,627
31–60 days	11,730	4,916	29,274	34,467
61–90 days	9,749	—	64,303	3,645
	39,572	27,034	120,718	78,739

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits based on results from investigation of historical credit records of these customers. There was no trade receivable which is past due but not impaired.

All bills receivables of the Group were aged within 30 days at the end of the reporting period.

The above trade and other receivables are denominated in the functional currencies of the relevant group entities.

17. AMOUNTS DUE FROM (TO) A DIRECTOR(S)

(i) Amounts due from directors

Directors' current accounts disclosed pursuant to section 161B of the Companies Ordinance are as follow:

THE GROUP

Directors	As at 1 April 2007	As at 31 March 2008	2009	2010	As at 30 June 2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Chum					
due within 1 year	11,232	7,074	50,145	155,933	—
due after 1 year	—	11,000	61,000	—	—
	11,232	18,074	111,145	155,933	—
Mrs. Chum due within 1 year	—	3,752	6,663	—	—
Total *(note a)*	11,232	21,826	117,808	155,933	—

The maximum amount outstanding during each of the three years ended 31 March 2010 and the three months ended 30 June 2010, are summarised below:

THE GROUP

Directors	Year ended 31 March 2008	2009	2010	Three months ended 30 June 2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Chum	20,074	111,145	155,933	171,372
Mrs. Chum	3,752	7,602	8,445	8,993

(ii) Amounts due to directors

THE GROUP

Directors	As at 31 March 2008	As at 31 March 2009	As at 31 March 2010	As at 30 June 2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Chum	89,433	95,927	100,285	14,195
Mrs. Chum	39	37	40	47,007
Total *(note b)*	89,472	95,964	100,325	61,202

Notes:

(a) The amounts arose from temporary fund transfers, which was non-trade in nature. The amounts due from directors are unsecured, non-interest bearing and repayable on demand. In the opinion of the directors, the amounts other than balance expected to be repayable within one year of approximately HK$10,826,000 and HK$56,808,000 as at 31 March 2008 and 2009, respectively, have been included in the current assets, will not be repayable within the next twelve months from the end of the reporting period, accordingly are classified as non-current. The non-current portion of the interest-free amount is measured at amortized cost using the effective interest method at 8.1% and 7.6% per annum for the years ended 31 March 2008 and 2009. Such amounts are classified as current at 31 March 2010 and the amounts have been fully settled on 30 June 2010.

(b) The amounts arose from temporary fund transfer, which was non-trade in nature. The directors represented that the amounts were fully settled before the listing of the Company's share on the Stock Exchange (the "**Listing**").

All above balances of the Group are denominated in the functional currencies of the relevant group entities.

18. RESTRICTED BANK DEPOSIT/BANK BALANCES AND CASH

(i) Restricted bank deposit

THE GROUP

As at 31 March 2008, a bank balance of approximately HK$517,000 was pledged to a bank to secure a bank guarantee which was given to the PRC custom authority for importing raw materials from overseas to the PRC. The restricted bank deposit carried interest rate at 0.72% per annum during the year ended 31 March 2008. The pledge was released during the year ended 31 March 2009.

Details of restricted bank deposit pledged are set out in Note 23.

Restricted bank deposit is denominated in the functional currency of the relevant group entities.

(ii) Bank balances and cash

THE GROUP

Bank balances carry interest at market rates which range from 0.01% to 2.25%, 0.01% to 0.72%, 0.01% to 0.81% and 0.01% to 0.81% for the years ended 31 March 2008, 2009 and 2010 and the three months ended 30 June 2010, respectively.

Bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	USD	HKD	MOP
	HK$'000	*HK$'000*	*HK$'000*
As at 30 June 2010	3,093	1,786	246
As at 31 March 2010	2,357	1,438	54
As at 31 March 2009	2,357	94	205
As at 31 March 2008	225	165	87

19. TRADE AND OTHER PAYABLES AND ACCRUALS

	As at 31 March			As at 30 June
THE GROUP	**2008**	**2009**	**2010**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	9,465	10,817	51,393	30,361
Accruals	587	45	44	84
Other tax payables	543	618	2,760	609
Others	212	290	768	665
	10,807	11,770	54,965	31,719

The aged analysis of the Group's trade payable as at the end of the reporting period is as follows:

	As at 31 March			As at 30 June
	2008	**2009**	**2010**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0–30 days	9,465	10,817	18,644	21,503
31–60 days	—	—	17,870	8,596
61–90 days	—	—	14,879	—
Over 90 days	—	—	—	262
	9,465	10,817	51,393	30,361

The above trade and other payables of the Group are denominated in the functional currencies of the relevant group entities.

20. SHARE CAPITAL/PAID-UP CAPITAL

The Company	Number of shares	Amounts
		HK$
Ordinary shares of HK$0.01 each		
Authorized:		
On incorporation and at 30 June 2010	39,000,000	390,000
Issued and fully paid:		
Allotted and issued at nil paid on the date of incorporation and at 30 June 2010	1	0.01
		HK$'000
Shown in the Financial Information as at:		
30 June 2010		—

The Company was incorporated with an authorized share capital of HK$390,000, divided into 39,000,000 ordinary shares of HK$0.01 each. At the date of incorporation, one ordinary share of HK$0.01 was issued at nil paid to an initial subscriber which was then transferred to Mr. Chum.

The balance of share capital and paid-up capital at 31 March 2008, 2009 and 2010 and 30 June 2010, represents the aggregate of the share and paid up capital of the subsidiaries comprising the Group held by the Founding Shareholders prior to the Reorganization.

21. RETIREMENT BENEFIT PLANS

During the Relevant Periods, the Group operated a Mandatory Provident Fund Scheme ("**MPF Scheme**") for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme were held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees were each required to make contributions to the scheme at rate specified in the rules. The only obligation of the Group with respect of MPF Scheme was to make the required contributions under the scheme. No forfeited contribution was available to reduce the contribution payable in the future years.

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiary is required to contribute a certain percentage of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

22. RELATED PARTY DISCLOSURES

(i) Related party transactions

During the Relevant Periods, the Group entered into the following transactions and balances with related parties:

Name of related party	Nature of transactions	Year ended 31 March			Three months ended 30 June	
		2008	2009	2010	2009	2010
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Mr. Chum	Deemed interest income	—	1,000	5,000	1,250	—
Ms. Shirley Chum	Commission paid *(note i)*	594	—	—	—	—
Speedy Fortune (Hong Kong) Limited *(note ii)*	Sales of goods	—	1,198	5,007	878	1,185

Notes:

(i) Ms. Shirley Chum, being the daughter of Mr. Chum and Mrs. Chum, was a director of Huizhou Junyang. The commissions paid to her for the year ended 31 March 2008 was for her introduction of new customers to the Group during the year. The amount was calculated based on US$100 or equivalent to approximately HK$780 per container of certain orders of these new customers.

(ii) Ms. Shirley Chum was the director of Speedy Fortune (Hong Kong) Limited.

In addition, Mr. Chum had applied for and successfully obtained patents for certain technologies and designs. During the Relevant Periods, Mr. Chum granted the Group the exclusive rights to free use of certain patented technologies and designs for the respective life of those patents without charge.

The directors of the Company represented that the commission paid and the sales of goods are not expected to be continued after the Listing.

(ii) Related party balances

The detail of the related party balances during the Relevant Periods is set out in note 17.

(iii) Compensation of key management personnel

The emolument of directors who are also identified as members of key management of the Group during the Relevant Periods is set out in note 10.

23. PLEDGE OF ASSETS

At the end of the reporting period, the following assets were pledged to a bank to secure a bank guarantee which was given to the PRC custom authority for importing raw materials from overseas to the PRC. During the year ended 31 March 2010, no guarantee was necessary for importing raw materials. The relevant banking facility was terminated and the pledge was duly released.

	As at 31 March			As at 30 June
	2008	2009	2010	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Restricted bank deposit	517	—	—	—
Buildings	13,027	12,696	—	—
Prepaid lease payments	4,053	—	—	—
Total pledged assets	17,597	12,696	—	—

24. MAJOR NON-CASH TRANSACTION

During the three months period ended 30 June 2010, the dividend distribution of HK$140,000,000 was settled through the balances with the directors.

B. DIRECTORS' REMUNERATION

Under the arrangement currently in force, the aggregate amount of remunerations of the directors of the Company payable for the year ending 31 March 2011 is estimated to be approximately HK$1,000,000.

C. EVENT AFTER THE REPORTING PERIOD

Subsequent to 30 June 2010, in preparing for the Listing, the companies now comprising the Group underwent the Group Reorganization to rationalize the group structure. As a result of the Group Reorganization, the Company became the holding company of the Group on 24 December 2010. Details of the Group Reorganization and other changes are set out in the paragraph "Corporate Reorganization" in Appendix VI to this prospectus.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of the companies comprising the Group have been prepared in respect of any period subsequent to 30 June 2010.

Yours faithfully,
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

The information set forth in this appendix does not form part of the Accountants' Report from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set forth in Appendix I to this prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with "Financial Information" and the "Accountants' Report" set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustration purposes only, and is set out below to illustrate the effect of the Global Offering on the combined net tangible assets of our Group attributable to owners of our Company as if the Global Offering had taken place on 30 June 2010.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of our Group as at 30 June 2010 or at any future dates following the completion of the Global Offering.

	Audited combined net tangible assets attributable to owners of our Company as at 30 June 2010[1] *HK$'000*	**Estimated net proceeds from the Global Offering[2]** *HK$'000*	**Unaudited pro forma adjusted net tangible assets attributable to owners of our Company** *HK$'000*	**Unaudited pro forma adjusted net tangible assets attributable to owners of our Company per Share[3]** *HK$*
Based on an Offer Price of HK$1.85 per Share	103,154	270,866	374,020	0.56
Based on an Offer Price of HK$2.26 per Share	103,154	331,786	434,940	0.65

Notes:

(1) The audited combined net tangible assets attributable to owners of our Company as at 30 June 2010 have been derived from the net assets of the Group as set out in the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based 160,000,000 shares to be issued under the Global Offering and on the Indicative Offer Price range of HK$1.85 per Share and HK$2.26 per Share, respectively, after deduction of the underwriting fees and other related expenses payable by our Company. No account has been taken of the Shares which may fall to be issued upon exercise of the Over-allotment Option.

(3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 666,666,000 Shares were in issue assuming that the Global Offering had been completed on 30 June 2010 but takes no account of any Shares which may fall to be issued upon exercise of the Over-allotment Option.

(4) By comparing the valuation of our Company's property interests of approximately HK$58,821,000 as set out in Appendix IV to this prospectus and the unaudited net book value of these properties as at 30 September 2010, the net valuation surplus is approximately HK$29,993,000, which has not been included in the above net tangible assets attributable to owners of our Company as at 30 June 2010. The revaluation of our Group's property interests will not be incorporated in our Group's financial information. If the revaluation surplus is to be included in our Group's financial information, an additional depreciation and amortization charge of approximately HK$2,927,000 per annum would be recorded.

B. UNAUDITED PRO FORMA ESTIMATE EARNINGS PER SHARE

The following unaudited pro forma estimate earnings per Share of our Group for the six months ended 30 September 2010 has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on 1 April 2010. This unaudited pro forma estimate earnings per share has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the earnings per share of the Group for the six months ended 30 September 2010 or any future period.

Estimate combined profit attributable to owners of our Company for the six months ended 30 September 2010[(1)]	Not less than HK$40 million
Unaudited pro forma estimate earnings per Share for the six months ended 30 September 2010[(2)]	Not less than HK$0.06

Notes:

(1) The estimate combined profit attributable to owners of our Company for the six months ended 30 September 2010 is extracted from the section headed "Financial Information — Profit Estimate" in this prospectus. The bases on which the above profit estimate has been prepared are set out in Appendix III to this prospectus. The Directors have prepared the estimate combined profit attributable to owners of our Company for the six months ended 30 September 2010 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. The estimate has been prepared on the basis of accounting policies consistent in all material respects with those presently adopted by our Group as set out in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

(2) The calculation of unaudited pro forma estimate earnings per Share for the six months ended 30 September 2010 is based on the estimate combined profit attributable to owners of our Company for the six months ended 30 September 2010 and on the basis that 666,666,000 Shares were in issue during the entire period and assuming that the Global Offering had been completed on 1 April 2010. The calculation takes no account of any Shares which may fall to be issued upon exercise of the Over-allotment Option.

C. ACCOUNTANTS' REPORT FROM THE REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from our reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, prepared for the purposes of incorporation in this prospectus, in respect of the unaudited pro forma financial information of the Group.

Deloitte.
德勤

ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF NEWTREE GROUP HOLDINGS LIMITED (FORMERLY KNOWN AS NEWTREE CLINICAL CONSUMABLES HOLDINGS LIMITED)

We report on the unaudited pro forma financial information of Newtree Group Holdings Limited (formerly known as Newtree Clinical Consumables Holdings Limited) (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") (the "**Unaudited Pro Forma Financial Information**"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed global offering of 190,000,000 shares comprising 160,000,000 new shares and 30,000,000 existing shares of HK$0.01 each of the Company on the Main Board of The Stock Exchange of Hong Kong Limited might have affected the financial information presented, for inclusion in Appendix II to the prospectus of the Company dated 31 December 2010 (the "**Prospectus**"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Sections A and B of Appendix II to the Prospectus.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of:

- the financial position of the Group as at 30 June 2010 or any future date; or
- the earnings per share of the Group for the six months ended 30 September 2010 or any future period.

Opinion

In our opinion:

a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

31 December 2010

The estimate of the combined profit attributable to owners of our Company for the six months ended 30 September 2010 is set out in "Financial Information — Profit Estimate" in this prospectus.

(A) BASES

Our Directors have prepared the estimate of the combined profit attributable to owners of our Company for the six months ended 30 September 2010 based on the audited combined results of the Group for the three months ended 30 June 2010, and the unaudited combined results as shown in the unaudited management accounts of our Group for the three months ended 30 September 2010. The estimate has been prepared on a basis consistent in all material respects with the accounting policies currently adopted by our Group as summarised in the accountants' report set out in Appendix I to this prospectus.

(B) LETTER FROM THE REPORTING ACCOUNTANTS

The following is the text of a letter, prepared for inclusion in this prospectus by our reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, in connection with the profit estimate of the Group for the six months ended 30 September 2010.

Deloitte.
德勤

德勤．關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

31 December 2010

The Directors
Newtree Group Holdings Limited
CCB International Capital Holdings

Dear Sirs,

We have reviewed the accounting policies adopted and calculations made in arriving at the estimate of the combined profit of Newtree Group Holdings Limited (formerly known as Newtree Clinical Consumables Holdings Limited) (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") for the six months ended 30 September 2010 attributable to owners of the Company (the "**Profit Estimate**"), for which the directors of the Company are solely responsible, as set out in the prospectus dated 31 December 2010 issued by the Company (the "**Prospectus**"). The Profit Estimate is prepared based on the audited combined results of the Group for the three months ended 30 June 2010 and the combined results shown in the unaudited management accounts of the Group for the three months ended 30 September 2010.

In our opinion the Profit Estimate, so far as the accounting policies and calculations are concerned, has been properly compiled on the bases made by the directors of the Company as set out in part (A) of Appendix III of the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report on the financial information of the Group for the three years ended 31 March 2010 and the three months ended 30 June 2010 as set out in Appendix I to the Prospectus.

Yours faithfully,
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

(C) LETTER FROM THE SOLE SPONSOR

The following is the text of a letter, prepared for inclusion in this prospectus by the Sole Sponsor, in connection with the profit estimate of the Group for the six months ended 30 September 2010.

建银国际
CCB International

31 December 2010

The Directors
Newtree Group Holdings Limited

Dear Sirs,

We refer to the combined profit estimate of Newtree Group Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") for the six months ended 30 September 2010 (the "**Profit Estimate**") as set out in the subsection headed "Profit Estimate" in the section headed "Financial Information" in the prospectus of the Company dated 31 December 2010 (the "**Prospectus**").

The Profit Estimate, for which the Directors are solely responsible, has been prepared by them based on the audited combined results of the Group for the three months ended 30 June 2010 and the combined results shown in the unaudited management accounts of the Group for the three months ended 30 September 2010.

We have discussed with you the bases and assumptions upon which the Profit Estimate has been made. We have also considered the letter dated 31 December 2010 addressed to you and us from Deloitte Touche Tohmatsu regarding the accounting policies and calculations upon which the Profit Estimate has been made.

On the basis of the information comprising the Profit Estimate and on the basis of the accounting policies and calculations adopted by you and reviewed by Deloitte Touche Tohmatsu, we are of the opinion that the Profit Estimate, for which you as the Directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of
CCB International Capital Limited
Stanley Shih
Executive Director

The following is the text of a letter, summary of value and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Sallmanns Limited, an independent valuer, in connection with its valuation as at 30 September 2010 of the property interests of our Group.

Jones Lang LaSalle Sallmanns Limited
17/F Dorset House Taikoo Place
979 King's Road Quarry Bay Hong Kong
tel +852 2169 6000 fax +852 2169 6001
Licence No: C-030171

31 December 2010

The Board of Directors
Newtree Group Holdings Limited
Flat L on 12/F
Macau Finance Centre
Rua de Pequim
Macau

Dear Sirs,

In accordance with your instructions to value the properties in which Newtree Group Holdings Limited (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") have interests in the People's Republic of China (the "**PRC**") and Macau, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at 30 September 2010 (the "**date of valuation**").

Our valuation of the property interests represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

We have valued the property interest in Group II by direct comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

Due to the nature of the buildings and structures of the property in Group I and the particular location in which it is situated in the PRC, there are unlikely to be relevant market comparables readily available. The property interests have therefore been valued on the basis of its depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the

existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business.

We have attributed no commercial value to the property interest in Group III, which is leased by the Group, due either to the short-term nature of the lease or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rent.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards on Properties published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have not been provided with copies of title documents relating to the property interest in Macau but have caused searches to be made at Conservatoria do Registo Predial of Macau (Real Estate Registry Office). However, we have not searched the original documents to verify the ownership or to ascertain any amendment.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, Real Estate Title Certificates and floor plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC Legal Advisers — Commerce and Finance Law Offices, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB). The exchange rate adopted in our valuations is approximately MOP1 = RMB0.832 which was approximately the prevailing exchange rate as at the date of valuation.

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Sallmanns Limited
Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: Paul L. Brown is a Chartered Surveyor who has 27 years' experience in the valuation of properties in the PRC and 30 years of property valuation experience in Hong Kong and the United Kingdom, as well as relevant experience in the Asia-Pacific Region.

SUMMARY OF VALUES

Group I — Property interest held and occupied by the Group in the PRC

No.	Property	Capital value in existing state as at 30 September 2010 *RMB*	Interest attributable to the Group	Capital value in existing state attributable to the Group as at 30 September 2010 *RMB*
1.	2 parcels of land, various buildings and various structures located at Xikeng Industrial Zone Huihuan Town Huizhou City Guangdong Province The PRC	48,645,000	100%	48,645,000
	Sub-total:	**48,645,000**		**48,645,000**

Group II — Property interest held and occupied by the Group in Macau

No.	Property	Capital value in existing state as at 30 September 2010 *RMB*	Interest attributable to the Group	Capital value in existing state attributable to the Group as at 30 September 2010 *RMB*
2.	Flat L on 12/F Macau Finance Centre Nos. 230–246 of Rua de Pequim Macau	1,700,000	100%	1,700,000
	Sub-total:	**1,700,000**		**1,700,000**

Group III — Property interest leased and occupied by the Group in the PRC

No.	Property	Capital value in existing state as at 30 September 2010 *RMB*	Interest attributable to the Group	Capital value in existing state attributable to the Group as at 30 September 2010 *RMB*
3.	A unit of an office building No. 29 Baiziwan Road Chaoyang District Beijing The PRC	No commercial value	100%	No commercial value
	Sub-total:	**Nil**		**Nil**
	Grand total:	**50,345,000**		**50,345,000**

VALUATION CERTIFICATE

Group I — Property interest held and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2010 *RMB*
1.	2 parcels of land, various buildings and various structures located at Xikeng Industrial Zone Huihuan Town Huizhou City Guangdong Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 62,029 sq.m, 11 buildings and various ancillary structures erected thereon which were completed in various stages between 2001 and 2009. The buildings have a total gross floor area of approximately 44,544.824 sq.m and the details of uses and their respective gross floor areas are set out as follows: **Use** / **No. of item** / **Gross Floor Area** *(sq.m)* Production 5 25,290.67 Storage 2 9,342.754 Office 1 1,330.73 Staff quarters 1 4,720.49 Ancillary 2 3,860.18 Total 11 44,544.824 The structures mainly include roads, guard houses and boundary walls. The land use rights of the property have been granted for terms of 50 years expiring on 4 December 2048.	The property is currently occupied by the Group for production, storage, ancillary office and staff quarters purposes.	48,645,000 100% interest attributable to the Group: RMB48,645,000

Notes:

1. Huizhou Junyang Plastics Company Limited ("**Huizhou Junyang**") is an indirect wholly-owned subsidiary of the Company.

2. Pursuant to 2 State-owned Land Use Rights Certificates — Hui Fu Guo Yong (2001) Zi Di No. 13021400064 and Hui Fu Guo Yong (2001) Zi Di No. 13021400006, the land use rights of two parcels of land with a total site area of approximately 62,029 sq.m have been granted to Huizhou Junyang for terms of 50 years expiring on 4 December 2048 for industrial use.

3. Pursuant to 8 Real Estate Title Certificates — Yue Fang Di Zheng Zi Di Nos. C0582068, C0582069, C0582070, C0598896, C0598900, C1677052, C1677053 and C1677054, 8 buildings of the property with a total gross floor area of approximately 30,151.024 sq.m are owned by Huizhou Junyang.

4. For the remaining 3 buildings of the property with a total gross floor area of approximately 14,393.8 sq.m as mentioned in note 5, we have not been provided with any real estate title certificate.

5. Pursuant to two Letters of Approval for the Construction of Temporary Structures (關於臨時報建的批覆) — Hui Huan Lin Jian (2009) No. 003 dated 12 August 2009 and Hui Huan Lin Jian (2010) No. 003 dated 28 May 2010, Huihuanjiedao Office of Huicheng District of Huizhou City (惠州市惠城區惠環街道辦事處) approved Huizhou Junyang to construct a temporary car shed/warehouse with a gross floor area of 2,140.8 sq.m and two temporary production workshops with a total gross floor area of 12,253 sq.m for a valid use term of 2 years and thereafter need to apply for extension procedure. During the use term, if local planning authority demands the demolition of these three temporary buildings, then these buildings need to be demolished unconditionally.

6. Pursuant to a Confirmation Letter from the Urban Management Administrative Law Enforcement Bureau of Huizhou City (惠陽市城市管理行政執法局) dated 24 June 2010, it is confirmed that Huizhou Junyang can occupy and use the three temporary buildings as mentioned in note 5 before 28 May 2012 and the bureau will not request for demolition of these buildings before 28 May 2012.

7. In the valuation of this property, we have attributed no commercial value to the 3 buildings of the property with a total gross floor area of approximately 14,393.8 sq.m as mentioned in notes 4 to 6 which have not obtained proper title certificates. However, for reference purpose, we are of the opinion that the aggregate depreciated replacement cost of these buildings (excluding the land) as at the date of valuation would be RMB8,415,000 assuming all relevant title certificates have been obtained and they could be freely transferred.

8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. Huizhou Junyang has obtained the land use rights certificates in respect of the 2 parcels of land as mentioned in note 2 by way of granted land and has the rights to solely occupy, use, lease, mortgage and transfer the land use rights within the stipulated land use rights term.

   b. Huizhou Junyang has obtained the real estate title certificates in respect of the buildings as mentioned in note 3 and has the rights to solely occupy, use, lease, mortgage and transfer the buildings within the use rights terms as stipulated in the real estate certificates.

   c. Huizhou Junyang has already undertaken the planning approval procedure with Huihuanjiedao Office of Huicheng District of Huizhou City in respect of the temporary buildings as mentioned in notes 4 to 6 and there is little possibility for Huizhou Junyang being requested for demolition of these temporary buildings by the bureau before 28 May 2012.

VALUATION CERTIFICATE

Group II — Property interest held and occupied by the Group in Macau

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2010 *RMB*
2.	Flat L on 12/F Macau Finance Centre Nos. 230–246 of Rua de Pequim Macau	The property comprises an office unit on 12th Floor of a 21-storey commercial building completed in 1994. The property has a saleable area of approximately 69.4 sq.m. The land use rights of the property are valid for a term of 25 years commencing from 12 April 1991 and can be further renewed up to 19 December 2049.	The property is currently occupied by our Group for office purpose.	1,700,000

Note:

1. The registered owner of the property is Two-Two-Free Limited — Macau Commercial Offshore, an indirect wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

Group III — Property interest leased and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2010 *RMB*
3.	A unit of an office building No. 29 Baiziwan Road Chaoyang District Beijing The PRC	The property comprises an office unit on Level 3 of a 4-storey office building completed in about 1996. The property has a lettable area of approximately 32 sq.m. The property is leased to Beijing Chum Baokang Medical Technological Development Company Limited ("**Chum Baokang Medical**"), an indirect wholly-owned subsidiary of the Company, from an independent third party for a term of 1 year commencing from 1 June 2010 and expiring on 31 May 2011 at a monthly rent of RMB2,200, exclusive of water, electricity charges and other outgoings.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement dated May 2010, the property was leased to Chum Baokang Medical from an independent third party (the "**Lessor**") for a term of 1 year commencing from 1 June 2010 and expiring on 31 May 2011 at a monthly rent of RMB2,200, exclusive of water, electricity charges and other outgoings.

2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. The Tenancy Agreement is legal and valid and it is legally binding on Chum Baokang Medical and the Lessor; and

   b. The validity of the Tenancy Agreement will not be affected despite the absence of lease registration.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of our Company and of certain aspects of Cayman company law.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 9 June 2010 under the Companies Law. The Memorandum and the Articles comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of our Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which our Company is established are unrestricted, and that our Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that our Company is an exempted company that our Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of our Company carried on outside the Cayman Islands.

(b) Our Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 17 December 2010. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as our Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of our Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of our Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in our Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither our Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of our Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of our Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by our Company and which are not required by the Articles or the Companies Law to be exercised or done by our Company in general meeting.

(iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by our Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) Disclosure of interests in contracts with our Company or any of its subsidiaries.

A Director may hold any other office or place of profit with our Company (except that of the auditor of our Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director

may be or become a director or other officer of, or otherwise interested in, any company promoted by our Company or any other company in which our Company may be interested, and shall not be liable to account to our Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by our Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with our Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to our Company or the members for any remuneration, profit or other benefits realized by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with our Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of our Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of our Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by our Company or any other company which our Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub underwriting of the offer;

(dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of our Company by virtue only of his/their interest in shares or debentures or other securities of our Company;

(ee) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in 5 percent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or

(ff) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of our Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by our Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of our Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of our Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board

may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of our Company or companies with which it is associated in business) in establishing and making contributions out of our Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with our Company or any of its subsidiaries) and ex-employees of our Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Retirement, appointment and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment

and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of our Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in our Company by way of qualification.

A Director may be removed by an ordinary resolution of our Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and our Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by our Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to our Company at the registered office of our Company for the time being or tendered at a meeting of the Board;

(bb) becomes of unsound mind or dies;

(cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) if he is prohibited from being a director by law;

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with our Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) Borrowing powers

The board may exercise all the powers of our Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of our Company and, subject to the Companies Law, to issue debentures, bonds and other securities of our Company, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of our Company.

(ix) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) Register of Directors and Officers

The Companies Law and the Articles provide that our Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(b) Alterations to constitutional documents

The Articles may be rescinded, altered or amended by our Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of our Company.

(c) Alteration of capital

Our Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

(i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as our Company in general meeting or as the directors may determine;

(iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as our Company has power to attach to unissued or new shares; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

Our Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Special resolution — majority required

Pursuant to the Articles, a special resolution of our Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the Designated Stock Exchange (as defined in the Articles), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and less than ten (10) clear business days has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of our Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll.

If a recognized clearing house (or its nominee(s)) is a member of our Company it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting of our Company or at any meeting of any class of members of our Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be deemed to have

been duly authorized without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) as if such person was the registered holder of the shares of our Company held by that clearing house (or its nominee(s)).

Where our Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of our Company or restricted to voting only for or only against any particular resolution of our Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of our Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by our Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of our Company and of all other matters required by the Companies Law or necessary to give a true and fair view of our Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of our Company except as conferred by law or authorized by the board or our Company in general meeting.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before our Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of our Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), our Company may send to such persons summarized financial statements derived from our Company's annual accounts and the directors' report instead provided that any such

person may by notice in writing served on our Company, demand that our Company sends to him, in addition to summarized financial statements, a complete printed copy of our Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by our Company in general meeting or in such manner as the members may determine.

The financial statements of our Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by notice of at least twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings shall be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of our Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from our Company, and also to the auditors for the time being of our Company.

Notwithstanding that a meeting of our Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of our Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent (95%) in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of our Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of our Company.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which our Company has a lien.

The board may decline to recognize any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to our Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for our Company to purchase its own shares

Our Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of our Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of our Company to own shares in our Company and financial assistance to purchase shares of our Company

There are no provisions in the Articles relating to ownership of shares in our Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, our Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in our Company.

(m) Dividends and other methods of distribution

Subject to the Companies Law, our Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of our Company, realized or unrealized, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to our Company on account of calls or otherwise.

Whenever the board or our Company in general meeting has resolved that a dividend be paid or declared on the share capital of our Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. Our Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of our Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of our Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall,

unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to our Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or our Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of our Company until claimed and our Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to our Company.

No dividend or other monies payable by our Company on or in respect of any share shall bear interest against our Company.

(n) Proxies

Any member of our Company entitled to attend and vote at a meeting of our Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of our Company or at a class meeting. A proxy need not be a member of our Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any

member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced our Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to our Company all monies which, at the date of forfeiture, were payable by him to our Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(p) Inspection of register of members

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours on every business day by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the

modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of our Company or at any relevant general meeting of any class of members of our Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of our Company under Cayman law, as summarized in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that our Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if our Company shall be wound up and the assets available for distribution amongst the members of our Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if our Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If our Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of our Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, our Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, our Company has not during that time received any indication of the existence of the member; and (iii) our Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to our Company and upon receipt by our Company of such net proceeds, it shall become indebted to the former member of our Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by our Company and our Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

Our Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, our Company's operations must be conducted mainly outside the Cayman Islands. Our Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, our Company may give financial assistance to Directors and employees of our Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in our Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, our Company may give financial assistance to a trustee for the acquisition of Shares in our Company or shares in any such subsidiary or holding company to be held for the benefit of employees of our Company, its subsidiaries, any holding company of our Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorize the manner of purchase, a company cannot purchase any of its own shares unless the manner of purchase has first been authorized by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a

company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorizing civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, our Company has obtained an undertaking from the Governor-in-Cabinet:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to our Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of our Company.

The undertaking for our Company is for a period of twenty years from 22 June 2010.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of our Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of our Company. They will, however, have such rights as may be set out in our Company's Articles.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

(n) Winding up

A company may be wound up compulsorily by order of the Court voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to

cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorized by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, our Company's special legal counsel on Cayman Islands law, have sent to our Company a letter of advice summarizing certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents delivered to the Registrar of Companies and available for inspection" in Appendix VII. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 9 June 2010. The registered office of our Company as at the date of this prospectus is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111 Cayman Islands. We have established a principal place of business in Hong Kong at Unit 3702, 37th Floor, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong and have been registered as a non-Hong Kong company under Part XI of the Companies Ordinance on 17 December 2010. Mr. Desmond Chum and Mr. Chan Shiu Yuen Sammy have been appointed as the authorized representatives of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

On 13 July 2010, the name of our Company changed from Newtree Medical Enviro Material Holdings Ltd. to Newtree Medical Enviro Holdings Limited 友川醫療環保控股有限公司.

On 16 November 2010, the name of our Company further changed from Newtree Medical Enviro Holdings Limited 友川醫療環保控股有限公司 to Newtree Clinical Consumables Holdings Limited 友川醫療耗材控股有限公司.

On 7 December 2010, the name of our Company further changed from Newtree Clinical Consumables Holdings Limited 友川醫療耗材控股有限公司 to Newtree Group Holdings Limited 友川集團控股有限公司.

As our Company was incorporated in the Cayman Islands, it operates subject to the Companies Law and its constitutional documents, which comprise the Memorandum and the Articles of Association. A summary of certain relevant provisions of its constitution and relevant aspects of Companies Law is set out in Appendix V to this prospectus.

2. Changes in share capital of our Company

As at the date of incorporation of our Company, the authorized share capital of our Company was HK$390,000 divided into 39,000,000 Shares of HK$0.01 each.

The following changes in the share capital of our Company have taken place since the date of incorporation of our Company up to the date of this prospectus:

On 9 June 2010, one nil-paid Share was allotted and issued to Codan Trust Company (Cayman) Limited which was subsequently transferred to Mr. Chum on the same date.

On 14 December 2010, Mr. Chum transferred the one nil-paid Share to Able Bright.

On 15 December 2010, the authorized share capital of our Company was increased from HK$390,000 divided into 39,000,000 Shares to HK$100,000,000 divided into 10,000,000,000 Shares by creation of additional 9,961,000,000 Shares.

On 24 December 2010, our Company acquired from Able Bright the entire issued share capital of Greenstar, in consideration for (i) crediting the one nil-paid Share held by Able Bright as fully paid at par; and (ii) the allotment and issue of an additional 40,009,999 Shares, credited as fully paid, to Able Bright.

Assuming that the Global Offering becomes unconditional, the Capitalization Issue is completed and the Offer Shares are issued but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme, the issued share capital of our Company will be HK$6,666,660 divided into 666,666,000 Shares fully paid or credited as fully paid, with 9,333,334,000 Shares remaining unissued.

On the basis that the Over-allotment Option is exercised in full, 685,166,000 Shares will have been allotted and issued fully paid or credited as fully paid and 9,314,834,000 Shares will remain unissued.

Save as disclosed herein and as mentioned in the following paragraphs respectively headed "Written resolutions of our sole Shareholder passed on 17 December 2010" and "Corporate Reorganization", there has been no alteration in the share capital of our Company since the date of its incorporation.

3. Written resolutions of our sole Shareholder passed on 17 December 2010

On 17 December 2010, written resolutions of our sole Shareholder were passed pursuant to which, *inter alia*:

(a) we approved and adopted the Articles of Association;

(b) conditional on the same conditions as stated in the section headed "Structure of the Global Offering — Conditions" in this prospectus:

(i) the Global Offering and the Over-allotment Option were approved and our Directors were authorized to approve the allotment and issue of the Offer Shares pursuant to the Global Offering and of such number of Shares as may be required to be allotted and issued upon the exercise of the Over-allotment Option;

(ii) the rules of the Share Option Scheme were approved and adopted and our Board was authorized at its discretion to implement the same, grant options to subscribe for Shares thereunder up to the limit referred to in the Share Option Scheme, and to allot, issue and deal with Shares pursuant to the exercise of any options granted thereunder and do all such acts and things as our Board may consider necessary, desirable or expedient to give effect to the Share Option Scheme;

(iii) conditional on the share premium account of our Company being credited as a result of the Global Offering, the Directors were authorized to capitalize an amount of 4,666,560 from the amount standing to the credit of the share premium account of our Company and that the said sum be applied in paying up in full at par 466,656,000 Shares, such Shares to be allotted and issued, credited as fully paid at par to our Shareholders appearing on the register of members of our Company at the close of business on the date of this prospectus (or as such holders may direct) in proportion (as nearly as possible without fractions) to their then respective shareholdings in our Company and so that such Shares to be allotted and issued shall rank *pari passu* in all respects with the then existing issued shares;

(iv) a general unconditional mandate was given to our Directors authorizing them to exercise all the powers of our Company to allot, issue and deal with Shares or securities convertible into Shares and to make an offer or agreement or grant an option which would or might require such Shares to be allotted and issued, whether during the continuance of such mandate or thereafter (otherwise than pursuant to a rights issue, any scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of whole or part of a dividend on Shares in accordance with the Articles of Association or pursuant to the exercise of any subscription or conversion rights attaching to any warrants or securities which are convertible into Shares or in issue prior to the date of the passing of the relevant resolution or pursuant to the exercise of any options to be granted under the Share Option Scheme or pursuant to the Global Offering or the Capitalization Issue or pursuant to a specific authority granted by our Shareholders in general meeting, on behalf of our Company), provided that the aggregate nominal value of our Shares allotted or agreed conditionally or unconditionally to be allotted shall not exceed 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Capitalization Issue and Global Offering (but excluding any Share which may be allotted and issued pursuant to the exercise of the Over-allotment Option), such mandate to remain in effect until whichever is the earliest of:

(aa) the conclusion of our next annual general meeting following the passing of the written resolutions of the sole Shareholder on 17 December 2010;

(bb) the expiration of the period within which our next annual general meeting is required by any applicable law or the Articles of Association to be held; or

(cc) the passing of an ordinary resolution by our Shareholders in a general meeting revoking, varying or renewing such mandate;

(v) a general unconditional mandate was given to our Directors authorizing them to exercise all the powers for and on behalf of our Company to repurchase our Shares on the Stock Exchange or on any other approved stock exchange(s) on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, with an aggregate nominal value not exceeding 10% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Global Offering and the Capitalization Issue (but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme), such mandate to remain in effect until whichever is the earliest of:

(aa) the conclusion of our next annual general meeting;

(bb) the expiration of the period within which our next annual general meeting is required by any applicable law or the Articles of Association to be held; or

(cc) the passing of an ordinary resolution by our Shareholders in a general meeting revoking, varying or renewing such mandate; and

(vi) subject to the passing of resolutions set out in paragraph (iv) and (v) above, the unconditional general mandate mentioned in paragraph (iv) above was extended to include the aggregate nominal value of Shares repurchased by us pursuant to the mandate to repurchase Shares referred to in paragraph (v) above provided that such extended amount shall not exceed 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Capitalization Issue and the Global Offering (but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme) was approved such mandate to remain in effect until whichever is the earliest of:

(aa) the conclusion of our next annual general meeting;

(bb) the expiration of the period within which our next annual general meeting is required by any applicable law or the Articles of Association to be held; or

(cc) the passing of an ordinary resolution by our Shareholders in a general meeting revoking, varying or renewing such mandate.

4. Corporate Reorganization

In preparation for the listing of our Shares on the Stock Exchange, the companies comprising our Group underwent a Reorganization which involved the following:

(a) On 9 June 2010, our Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorized share capital of HK$390,000 divided into 39,000,000 Shares of HK$0.01 each, with one Share allotted and issued nil paid to an initial subscriber which was then transferred to Mr. Chum.

(b) On 28 June 2010, The Chum's Family Trust has been set up as an irrevocable discretionary trust with Mr. Chum as the settlor, Sarasin Trust Company as the trustee of the Chum's Family Trust and certain members of Mr. Chum's family as the beneficiaries.

(c) On 27 July 2010, Mr. Chum transferred the 10,000 shares of Greenstar (representing its entire issued share capital) at par to Able Bright.

(d) On 24 September 2010, Mr. Chum and Mrs. Chum completed the transfer of two quotas with nominal value of MOP$60,000 and MOP$40,000 of Two-Two-Free, respectively (representing in aggregate the entire issued share capital of Two-Two-Free), to Greenstar at an aggregate consideration of MOP$100,000.

(e) On 14 December 2010, Mr. Chum and Mrs. Chum transferred the two shares of Ramber (representing its entire shareholding interests) to Greenstar in consideration of which Greenstar allotted and issued 10,000 shares of Greenstar, credited as fully paid, to Able Bright under the direction of Mr. Chum and Mrs. Chum.

(f) On 14 December 2010, Mr. Chum and Mrs. Chum transferred 600,000 shares and 400,000 shares of Tary, respectively (representing in aggregate the entire issued share capital of Tary), to Greenstar in consideration of which Greenstar allotted and issued an aggregate of 10,000 shares of Greenstar, credited as fully paid, to Able Bright under the direction of Mr. Chum and Mrs. Chum.

(g) On 14 December 2010, Mr. Chum transferred the entire share capital of Nupoly (which in turn holds the entire issued share capital of Chum Baokang Medical) to Greenstar in consideration of which Greenstar allotted and issued 10,000 shares of Greenstar, credited as fully paid, to Able Bright under the direction of Mr. Chum.

(h) On 14 December 2010, Mr. Chum transferred the one nil-paid Share to Able Bright.

(i) On 24 December 2010, our Company acquired from Able Bright the entire issued share capital of Greenstar, in consideration for (i) crediting the one Share held by Able Bright as fully paid at par; and (ii) the allotment and issue of an additional 40,009,999 Shares, credited as fully paid, to Able Bright.

5. Changes in share or registered capital of subsidiaries

The present subsidiaries of our Company are referred to in the accountants' report, the text of which is set forth in Appendix I to this prospectus.

The following alterations in the share capital of each of our subsidiaries took place within the two years immediately preceding the date of this prospectus:

(a) On 24 November 2009, Mr. Desmond Chum and Ms. Shirley Chum respectively transferred 600,000 shares and 400,000 shares of Tary to Mr. Chum and Mrs. Chum respectively.

(b) On 12 January 2010, Greenstar was incorporated in the BVI as a limited liability company with an issued share capital of US$10,000 divided into 10,000 shares of US$1.00 each and the entire issued share capital was owned by Mr. Chum upon incorporation.

(c) On 25 March 2010, Nupoly was incorporated in Hong Kong as a limited liability company with one issued share of HK$1.00.

(d) On 16 September 2010, Chum Baokang Medical was established in the PRC with a registered capital of HK$1,200,000, of which no capital has been paid up as of the Latest Practicable Date.

Save as disclosed in this prospectus and except as referred to in the paragraph headed "Corporate Reorganization" above, there has been no alteration in the share capital of any subsidiary of our Company within the two years immediately preceding the date of this prospectus.

6. Further information about our PRC establishments

We have interest in the registered capital of two enterprises in the PRC. A summary of the corporate information of these enterprises as at the Latest Practicable Date are set out as follows:

(a)	(i)	Name of the enterprise:	惠州市駿洋塑膠有限公司 (Huizhou Junyang Plastics Co, Ltd*)
	(ii)	Date of incorporation:	24 October 2000
	(iii)	Economic nature:	Limited liability company (wholly foreign owned enterprise)
	(iv)	Registered owners:	Ramber and Tary

	(v)	Total investment capital:	US$5,000,000
	(vi)	Registered capital:	US$5,000,000
	(vii)	Attributable interest to us:	100%
	(viii)	Term of operation:	24 October 2000 to 23 October 2030
	(ix)	Scope of business:	Manufacture of plastic bags, environmentally friendly meal boxes, plastic additives, plastics production equipment and machineries, manufacture of medical plastic products (excluding those which require certificates and licenses) and packaging plastic products. Products are permitted to be sold in the PRC and overseas.
(b)	(i)	Name of the enterprise:	北京覃寶康醫療科技發展有限公司* (Beijing Chum Baokang Medical Technological Development Company Limited*)
	(ii)	Date of incorporation:	16 September 2010
	(iii)	Economic nature:	Limited liability company (wholly foreign owned enterprise)
	(iv)	Registered owner:	Nupoly
	(v)	Total investment capital:	HK$1,200,000
	(vi)	Registered capital:	HK$1,200,000
	(vii)	Attributable interest to us:	100%
	(viii)	Term of operation:	16 September 2010 to 15 September 2030
	(ix)	Scope of business:	Development of medical technology; providing technical services and consulting; business consulting

7. Repurchase by our Company of our Shares

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(a) Shareholders' approval

All proposed repurchases of shares on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of a general mandate or by specific approval of a particular transaction.

Pursuant to a written resolution passed by our sole Shareholder on 17 December 2010, a general unconditional mandate ("**repurchase mandate**") was granted to our Directors authorizing them to exercise all the powers for and on behalf of our Company to repurchase our Shares on the Stock Exchange, or on any other approved stock exchange(s) on which our securities may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, with an aggregate nominal value not exceeding 10% of the aggregate nominal value of our share capital in issue immediately following the completion of the Capitalization Issue and the Global Offering (excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme), such mandate to expire (i) at the conclusion of our next annual general meeting, or (ii) the expiration of the period within which our next annual general meeting is required by the Articles of Association or any applicable law to be held, or (iii) when revoked, varied or renewed by an ordinary resolution of our Shareholders in a general meeting, whichever is the earliest.

Under the Listing Rules, the shares which are proposed to be repurchased by a company must be fully paid up.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and our Shareholders as a whole to have a general authority from our Shareholders to enable us to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and/or our earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders as a whole.

(c) Funding of repurchases

In repurchasing Shares, we may only apply funds legally available for such purpose in accordance with our Memorandum and the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands. We shall not repurchase

our own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

On the basis of our current financial position as disclosed in this prospectus and taking into account our current working capital position, our Directors consider that, if the repurchase mandate was to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Company as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the repurchase mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or our gearing position.

(d) Directors' undertaking

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules, the applicable laws of the Cayman Islands, our Memorandum and the Articles of Association.

(e) Disclosure of interests

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective associates has any present intention, if the repurchase mandate is exercised, to sell any Shares to our Company or our subsidiaries.

No connected person of our Company has notified us that he or she has a present intention to sell Shares to us, or has undertaken not to do so, if the repurchase mandate is exercised.

(f) Takeovers Code consequences

If, as a result of a securities repurchase, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code and the provision may apply as a result of any such increase. Our Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchase under the repurchase mandate.

(g) Share capital

Exercise in full of the repurchase mandate, on the basis of 666,666,000 Shares in issue immediately after completion of the Capitalization Issue and the Global Offering, but taking no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and options which may be granted under the

Share Option Scheme, could accordingly result in up to 66,666,600 Shares being repurchased by us during the course of the period prior to the date on which such repurchase mandate expires or terminates as mentioned in the section headed "Further Information about our Company — Written resolutions of our sole Shareholder passed on 17 December 2010" in this appendix.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

8. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by us or any of our subsidiaries within the two years immediately preceding the date of this prospectus and are or may be material:

(a) a sale and purchase agreement dated 24 December 2010 entered into between our Company, Able Bright and Greenstar for the sale and purchase of 40,000 shares of Greenstar the consideration of which was settled by (i) the allotment and issue of 40,009,999 Shares to Able Bright and (ii) the one nil-paid Share owned by Able Bright being credited as fully paid;

(b) a deed of indemnity dated 24 December 2010 entered into by Mr. Chum, Able Bright, Golden Realm and Sarasin Trust Company (as trustee of The Chum's Family Trust) with and in favour of our Company (for ourselves and as trustee for each of our present subsidiaries), pursuant to which Mr. Chum, Able Bright, Golden Realm and Sarasin Trust Company (as trustee of The Chum's Family Trust) have agreed to indemnify our Company against, among others, certain estate duty and tax liabilities;

(c) a Deed of Non-Competition dated 17 December 2010 entered into by Mr. Chum, Able Bright, Golden Realm and Sarasin Trust Company (as trustee of The Chum's Family Trust) with and in favour of our Company (for ourselves and as trustee for each of our subsidiaries), details of which are set out in the section headed "Relationship with Controlling Shareholders — Non-competition Undertaking" in this prospectus;

(d) a sale and purchase agreement dated 14 December 2010 entered into between Mr. Chum and Mrs. Chum as vendors, Greenstar as purchaser and Able Bright in respect of the sale and purchase of the shares of Tary, the consideration of which was settled by the allotment and issue of an aggregate of 10,000 shares of Greenstar, credited as fully paid, to Able Bright under the direction of Mr. Chum and Mrs. Chum;

(e) a sale and purchase agreement dated 14 December 2010 entered into between Mr. Chum and Mrs. Chum as vendors, Greenstar as purchaser and Able Bright in respect of the sale and purchase of the shares of Ramber, the consideration of which was settled by the allotment and issue of an aggregate of 10,000 shares of Greenstar, credited as fully paid, to Able Bright under the direction of Mr. Chum and Mrs. Chum;

(f) a sale and purchase agreement dated 14 December 2010 entered into between Mr. Chum as vendor, Greenstar as purchaser and Able Bright in respect of the sale and purchase of the share of Nupoly, the consideration of which was settled by the allotment and issue of an aggregate of 10,000 shares of Greenstar, credited as fully paid, to Able Bright under the direction of Mr. Chum;

(g) a sale and purchase agreement dated 23 July 2010 entered into between Mr. Chum and Mrs. Chum as vendors and Greenstar as purchaser in respect of the sale and purchase of the interests in Two-Two-Free at an aggregate consideration of MOP$100,000;

(h) a licence agreement dated 19 April 2010 executed by Mr. Chum as licensor and Huizhou Junyang as licensee in respect of the grant of certain patents in the PRC ("**Huizhou Licence Agreement**") at nil consideration;

(i) the US Patents Assignment;

(j) a termination agreement entered into between Mr. Chum and Huizhou Junyang dated 2 November 2010 terminating the Huizhou Licence Agreement;

(k) a deed of patent assignment dated 3 November 2010 executed by Mr. Chum as the assignor and Greenstar as the assignee in respect of the assignment of the PRC Patents ("**Greenstar PRC Patents Assignment**") at nil consideration;

(l) the EU Patents Assignment;

(m) the PRC Patents Licence Agreements;

(n) the PRC Patents Assignment;

(o) a termination agreement entered into between Mr. Chum and Greenstar dated 13 December 2010 terminating the Greenstar PRC Patents Assignment; and

(p) the Hong Kong Underwriting Agreement.

9. Our intellectual property rights

(a) Trademark

As of the Latest Practicable Date, our Group had applied for the registration of the following trademarks, the registration of which has not yet been granted.

Trademark	Applicant	Place of Application	Class	Application Date	Application Number
	Newtree Group Holdings Limited	Hong Kong	10, 16, 21, 25, 40, 42	30 September 2010	301726803
	Newtree Group Holdings Limited	Hong Kong	10, 16, 21, 25, 40, 42	6 December 2010	301781479

(b) Patent

On 13 December 2010, Mr. Chum executed the PRC Patents Assignment to assign the following PRC Patents to our Group. Pursuant to the PRC Laws and regulations, the PRC Patents Assignment shall be registered with the competent administration authority. The PRC Patents Assignment will come into force upon the date of such registration.

Patent	Patent Number	Place of registration	Application Date	Expiry Date
Plastic bag with zip lock and the manufacture process (一種塑料薄膜鎖口袋及其製造方法)	ZL02134619.4	PRC	23 August 2002	22 August 2022[(1)]
Plastic film refuse bag with elastic mouth (鬆緊收口式塑膜垃圾袋)	ZL 200310111940.X	PRC	24 October 2003	23 October 2023[(1)]
Manufacturing method for self open storage film bag with easy dispenser (易取、自開口薄膜袋的製造方法)	ZL01114789.X	PRC	12 June 2001	11 June 2021[(1)]
Extruding container of plastic injection molding machines (注塑機混煉擠壓筒機構)	ZL200510033185.7	PRC	3 February 2005	2 February 2025[(1)]
Separation wheel for roll film (卷膜等分分頁輪)	ZL200410052422.X	PRC	22 November 2004	21 November 2024[(1)]
Mixing head device for extruding container of plastic injection molding machines (注塑機擠壓筒之混煉頭裝置)	ZL200510032815.9	PRC	13 January 2005	12 January 2025[(1)]
Automatic continuous band sealer of plastic bags (塑質膜袋連續封口製袋機)	ZL200410052008.9	PRC	29 October 2004	28 October 2024[(1)]
Easy-to-tie film refuse bag (一種簡便綁口式塑膜垃圾袋)	ZL200920135647.X	PRC	13 March 2009	12 March 2019[(1)]
Easy drawstring film refuse bag (一種簡便拉繩式塑膜垃圾袋)	ZL200920135648.4	PRC	13 March 2009	12 March 2019[(1)]
Manufacturing method for plastic film handbags 手抽式塑質薄膜提袋的製造方法	ZL02134978.9	PRC	15 October 2002	14 October 2022
Manufacturing method for easy-to-wear disposable film gloves 方便插入式一次性塑膜手套的製造方法	ZL03114295.8	PRC	21 April 2003	20 April 2023

Patent	Patent Number	Place of registration	Application Date	Expiry Date
Self-open film bag with visible opening on one side and easy dispenser 袋口單側邊外露之易取自開口薄膜袋產品	ZL200410027130.0	PRC	11 May 2004	10 May 2024
Plastic bag with zip 塑質膜袋連續封口製袋機	ZL200420094555.9	PRC	29 October 2004	28 October 2014
Hot-melt processing device of thermal cutting film molding machine with pushing equipment 帶推料機構的熱割薄膜成型產品熱熔加工裝置	ZL200610063359.9	PRC	27 October 2006	26 October 2026

As at the Latest Practicable Date, we are the registered owner of the following patents:

Method of manufacture for easy-open film bag	US6716296	USA	6 April 2004	4 November 2021 (2)
Convenience package for thin film products	US7175025	USA	13 February 2007	8 January 2025 (2)
Easy-open film bag, dispensing arrangement and method of manufacture for same	1270429	UK	10 August 2001	9 August 2021 (2)
Easy-open film bag, dispensing arrangement and method of manufacture for same	60132183.9	Germany	10 August 2001	9 August 2021

Note 1: As advised by the PRC Legal Advisers, these patents will not be allowed to be renewed after their respective expiry dates.

Note 2: These patents will not be allowed to be renewed after their respective expiry dates.

(c) Domain name

On 27 December 2010, our Group obtained a right to use the following domain name:

Domain name	Registration Date	Expiration Date
www.newtreegroupholdings.com	19 December 2010	19 December 2011

The information contained on the above website does not form part of this prospectus.

Other than the relevant registration of the intellectual property rights information already disclosed in this section, our Company confirms that to the best of its knowledge, no other intellectual property registration is required.

FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND STAFF

10. Disclosure of interests

(a) Interests and short positions of our Directors and chief executive in the shares, underlying shares and debentures of our Company or its associated corporation

Immediately following completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account Shares to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme), our Directors and chief executive will have the following interests and/or short positions in the shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to us and the Stock Exchange once our Shares are listed:

Name	Number of Shares held after the Global Offering	Nature of interest	Approximate percentage of shareholding after the Global Offering
Mr. Chum *(Note)*	476,666,000	Founder of a discretionary trust	71.5%

Note: Mr. Chum is the settlor of The Chum's Family Trust, which through its trustee, Sarasin Trust Company, is deemed to be interested in 476,666,000 Shares under the SFO.

(b) Interests and short positions of the substantial shareholders in the Shares and underlying Shares

Save as disclosed in the section headed "Substantial Shareholders" in this prospectus, our Directors or chief executive are not aware of any other person, not being a Director or chief executive of our Company, who has an interest or short position in the Shares and underlying Shares of our Company which, once our Shares are listed, would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Company.

(c) Particulars of Directors' service agreements and letters of appointment

Each of our executive Directors has entered into a service agreement with us for an initial fixed period of three years commencing on 17 December 2010 unless terminated earlier.

Pursuant to the service agreements, the director's fee of each of our executive Directors is as follows:

Executive Directors	**Remuneration (per annum)**
Mr. Chum	HK$1,200,000
Mr. Desmond Chum	HK$1,200,000
Mrs. Chum	HK$1,200,000

Each of our independent non-executive Directors has been appointed for an initial fixed term of three years commencing on 17 December 2010. The annual remuneration payable to each of our independent non-executive Directors is as follows:

Independent non-executive Directors	**Remuneration (per annum)**
Mr. Lee Thomas Tuan-Tong	HK$120,000
Mr. Chow Tsu-Yin	HK$120,000
Mr. Chan Bing Chung	HK$120,000

(d) Directors' remuneration

The aggregate amount of remuneration (including any salaries, fees, other benefits and allowances and pension scheme contributions) paid by us to the Directors during the three years ended 31 March 2008, 2009 and 2010 and the three months ended 30 June 2010, were approximately HK$2,068,000, HK$136,000, HK$136,000 and HK$34,000, respectively.

It is estimated that approximately HK$1,000,000 in aggregate will be payable to our Directors as remuneration and benefits in kind pursuant to the present arrangements for the year ending 31 March 2011.

Save as disclosed in this prospectus, no Director has been paid in cash or shares or otherwise by any person either to induce him to become, or to qualify him as a Director, or otherwise for services rendered by him in connection with the promotion or formation of our Company.

(e) Disclaimers

Save as disclosed in this prospectus:

(i) so far as our Directors are aware, none of our Directors or chief executive has any interest and/or short position in the shares, underlying shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to us and the Stock Exchange once our Shares are listed;

(ii) none of our Directors and the experts referred to under the heading "Consents of experts" in this appendix has any direct or indirect interest in the promotion of our Company or any of our subsidiaries, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to, our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries;

(iii) none of our Directors and the experts referred to under the heading "Consents of experts" in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business taken as a whole;

(iv) none of our Directors has any existing or proposed service contracts with our Company or any of our subsidiaries, excluding contracts which are expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation);

(v) none of the experts referred to under the heading "Consents of experts" in this appendix has any shareholding in our Company or any of our subsidiaries or the right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries; and

(vi) none of our Directors, their respective associates (as defined under the Listing Rules), or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in our Company's five largest customers and five largest suppliers save as contemplated under the Underwriting Agreements.

11. Agency fees or commission received

The Underwriters will receive a commission as mentioned in the paragraph headed "Commission and expenses" under the section headed "Underwriting" in this prospectus.

Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.

12. Related party transactions

Saved as disclosed in the accountants' report set out in Appendix I to this prospectus and other parts of this prospectus, we have not engaged in any dealings with our Directors and their associates within the two years immediately preceding the date of this prospectus.

13. Share Option Scheme

Summary of terms

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted by a written resolution passed by our sole Shareholder on 17 December 2010:

(a) Purpose

The purpose of the Share Option Scheme is to enable us to grant options to selected participants as incentives or rewards for their contribution to our Company.

(b) Who may join

Our Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares at a price calculated in accordance with subparagraph (f) below:

(i) any employee or proposed employee (whether full-time or part-time and including any executive Director), consultants or advisers of or to our Company, any of our subsidiaries or any entity ("**Invested Entity**") in which our Company holds an equity interest;

(ii) any non-executive Directors (including independent non-executive directors) of our Company, any of our subsidiaries or any Invested Entity;

(iii) any supplier of goods or services to our Company or any of our subsidiaries or any Invested Entity;

(iv) any customer of our Company or any Invested Entity;

(v) any person or entity that provides research, development or other technological support to our Company or any Invested Entity; and

(vi) any Shareholders or any shareholder of any of our subsidiaries or any Invested Entity or any holder of any securities issued by our Company or any of our subsidiaries or any Invested Entity,

and for the purposes of the Share Option Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of participants. For the avoidance of doubt, the grant of any options by us for the subscription of Shares or other securities of our Company to any person who falls within any of the above classes of participants shall not, by itself, unless our Directors otherwise determine, be construed as a grant of option under the Share Option Scheme.

The basis of eligibility of any of the above classes of participants to the grant of any options shall be determined by our Directors from time to time on the basis of the participants' contribution to the development and growth of our Company.

In order for a person to satisfy our Directors that he is qualified to be (or where applicable, continues to qualify to be) a participant, such person shall provide all such information as our Directors may request for the purpose of assessing his eligibility (or continuing eligibility).

(c) Maximum number of Shares

(i) The maximum number of Shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not in aggregate exceed 30% of our issued share capital from time to time. No options may be granted under any schemes of our Company (or the subsidiary of our Company) if such grant will result in the maximum number being exceeded.

(ii) The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme to be granted under the Share Option Scheme and any other share option schemes of our Company) must not in aggregate exceed 66,666,600 Shares, being 10% of the total number of Shares in issue at the time dealings in our Shares first commence on the Stock Exchange (excluding the Shares which may be issued pursuant to the exercise of the Over-allotment Option) ("**General Mandate Limit**").

(iii) Subject to (i) above and without prejudice to (iv) below, we may seek approval of our Shareholders in general meeting to refresh the General Mandate Limit. However, the total number of Shares which may be issued upon exercise of all outstanding options to be granted under the Share Option Scheme and any other share option schemes of our Company under the limit as "refreshed" must not exceed 10% of the Shares in issue as of the

date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the Share Option Scheme and other share option schemes of our Company or exercised options) will not be counted for the purpose of calculating the limit as "refreshed". We will send a circular to our Shareholders in compliance with Note (1) to Rule 17.03(3) and Rule 17.06 of the Listing Rules and/or such other requirements as prescribed in the Listing Rules.

(iv) Subject to (i) above and without prejudice to (iii) above, we may seek separate approval of our Shareholders in general meeting for granting options beyond the General Mandate Limit provided the options in excess of the limit are granted only to participants specifically identified by us before such approval is sought. We will issue a circular to our Shareholders in compliance with Note (1) to Rule 17.03(3) and Rule 17.06 of the Listing Rules and/or such other requirements as prescribed in the Listing Rules.

(d) Maximum entitlement of each participant and connected persons

(i) Unless approved by our Shareholders, the total number of Shares issued and to be issued upon exercise of all outstanding options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised and outstanding options) to each participant in any 12-month period must not exceed 1% of the Shares in issue ("**Individual Limit**").

(ii) Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to our Shareholders in compliance with the Note to Rule 17.03(4) and Rule 17.06 of the Listing Rules and/or such other requirements as prescribed in the Listing Rules and the approval of our Shareholders in general meeting with such participant and his associates abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before our Shareholders' approval and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under Note (1) to Rule 17.03(9) of the Listing Rules.

(iii) In addition to the shareholders' approval set out in Note (1) to Rule 17.03(3) and Note to Rule 17.03(4) of the Listing Rules, each grant of options to a Director, chief executive or substantial Shareholder or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options).

(iv) Where any grant of options to a substantial Shareholder or an independent non-executive Director or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) under the Share Option Scheme or any other share option schemes of our Company to such person in the 12-month period up to and including the date of such grant:

(a) representing in aggregate more than 0.1% of the Shares in issue; and

(b) having an aggregate value, based on the closing price of our Shares at the date of each grant, in excess of HK$5 million,

such further grant of options must be approved by our Shareholders. We must send a circular to our Shareholders. All of our connected persons must abstain from voting in favour at such general meeting. Any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such option must be taken on a poll.

(e) Minimum period of holding an option and performance target

Our Directors may, at their absolute discretion, fix any minimum period for which an option must be held, any performance targets that must be achieved and any other conditions that must be fulfilled before the options can be exercised upon the grant of an option to a participant.

(f) Subscription price for Shares

The subscription price of a Share in respect of any option granted under the Share Option Scheme shall be such price as our Board in its absolute discretion shall determine, provided that such price shall not be less than the highest of (i) the nominal value of our Shares, (ii) the average closing price of our Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant of the option and (iii) the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option (which must be a business day). A consideration of HK$1.00 is payable on acceptance of the offer of the grant of an option.

(g) Rights are personal to grantee

An option granted under the Share Option Scheme shall not be transferable or assignable and is personal to the grantee.

(h) Time of exercise of option

An option may be accepted by a participant within 28 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence on a day upon which the offer for the grant of the option is accepted but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof.

(i) Rights on ceasing employment or death

If the grantee of an option, who is an employee of our Company or any Invested Entity at the time of the grant of the option, ceases to be an employee of our Company or Invested Entity for any reason other than death, ill-health or retirement in accordance with his contract of employment or certain other grounds, the option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless our Directors otherwise determine, in which case the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as our Directors may determine following the date of such cessation or termination, which date shall be the last actual working day with our Company or the relevant Invested Entity whether salary is paid in lieu of notice or not. Failing such exercise, the option will lapse.

If the grantee of an option, who is an employee of our Company or any Invested Entity at the time of the grant of the option, ceases to be an employee of our Company or Invested Entity by reason of death, ill-health or retirement in accordance with his contract of employment, before exercise of option in full, the grantee or, if appropriate his lawful personal representative(s) may exercise the option in whole or in part (to the extent not already exercised) within a period of twelve months following the date of cessation of employment (or such longer period as our Directors may determine), failing which it will lapse.

(j) Rights on dismissal

If the grantee of an option leaves the service of our Company or Invested Entity by the reason of serious misconduct or on certain other grounds on which an employer would be entitled to lawfully terminate his employment, his option (to the extent not already exercised) will thereupon lapse forthwith and will not in any event be exercisable on or after the date of cessation of employment.

(k) Rights on a general offer, a compromise or arrangement

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, we shall use all reasonable endeavours to procure that such offer is extended to all the grantees (or his personal representative(s)) on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional or such scheme or

arrangement is formally proposed to our Shareholders, a grantee (or his personal representative(s)) shall, notwithstanding any other terms on which his options were granted, be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to us in accordance with the provisions of the Share Option Scheme at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be.

(l) Rights on winding-up

In the event of an effective resolution being proposed for the voluntary winding-up of our Company during the option period, the grantee of an option (or his personal representative(s)) may, subject to the provisions of all applicable laws, by notice in writing to us elect to exercise the option (to the extent not already exercised) either to its full extent or to the extent specified in such notice within two business days prior to the proposed general meeting of our Company considering such winding up, such notice to be accompanied by the subscription price for the Shares in respect of which the notice is given, whereupon the grantee will be entitled, in respect of the Shares falling to be allotted and issued upon the exercise of his options, to receive out of the assets available in the liquidation *pari passu* with the holders of Shares such sum as would have been received in respect of the Shares the subject of such election. Subject to the above, an option will lapse automatically (to the extent not exercised) on the date of commencement of the winding-up of our Company.

(m) Ranking of Shares

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Memorandum and the Articles of Association for the time being in force and will rank *pari passu* in all respects with the then existing fully paid Shares in issue on the date of exercise of the option and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of exercise of the option other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with reference to a record date falling before the date of exercise of the option. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the grantee of such option has been duly entered on our register of members or the holder thereof.

(n) Period of the Share Option Scheme

Unless terminated by us by resolution in general meeting, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date on which the Share Option Scheme becomes unconditional.

(o) Alteration of the Share Option Scheme

The Share Option Scheme may be altered in any respect by a resolution of our Board except that any material alteration to its terms and conditions, any change to the terms of options granted (except for changes which automatically take effect under

the existing terms of the Share Option Scheme) and the matters contained in the relevant provisions of the Hong Kong Listing Rules shall not be altered to the advantage of the grantees or prospective grantees without the prior sanction of any resolution of our Company in general meeting. The amended terms of the Share Option Scheme or the options must still comply with the applicable requirements under the Listing Rules. Any change to the authority of our Directors or scheme administrators (if applicable) in relation to any alteration to the terms of the Share Option Scheme must be approved by our Shareholders in general meeting.

(p) Effect of alterations to capital

In the event of any alteration in our capital structure whilst any option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a Capitalization of profits or reserves, rights issue, consolidation, subdivision or reduction of our share capital or otherwise howsoever, we shall instruct our auditors for the time being or an independent financial adviser to our Company to certify in writing that such adjustments satisfy the requirement that they give a participant the same proportion (or rights in respect of the same proportion) of the equity capital as that to which that person was previously entitled. Adjustment will be made to the number of Shares being the subject matter of the Share Option Scheme or the option so far as unexercised and/or the subscription price and/or the maximum number of Shares referred to in the sub-paragraph headed "Maximum number of Shares" above provided that (i) any such adjustment shall be made on the basis that the aggregate subscription price payable by a grantee on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event; (ii) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; (iii) no such adjustment shall be made the effect of which would be to increase the proportion of the issued share capital of our Company for which any grantee would have been entitled to subscribe had he exercised all the options held by him immediately prior to such adjustment; (iv) the issue of Shares or securities of our Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and (v) for the avoidance of doubt, any adjustments shall be made in compliance with the Listing Rules and the "Supplementary Guidance on Main Board Listing Rule 17.03(13)/GEM Listing Rules 23.03(13) and the note immediately after the rule" set out in the letter from the Stock Exchange to all listed issuers dated 5 September 2005 or other relevant guidance as the Stock Exchange may from time to time issue. In addition, in respect of any such adjustments, other than any made on a Capitalization issue, such auditors or independent financial adviser must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

(q) Cancellation of options

Our Directors may effect the cancellation of any options granted but not exercised on such terms as may be agreed with the relevant grantee, as our Directors may in their absolute discretion see fit and in a manner that complies with all applicable legal requirements for cancellation. Where we cancel any options granted and offer to grant

or grant new options to the same grantee, the offer or grant of such new options may only be made under the Share Option Scheme if there are available unissued options (excluding the cancelled options) within each of the limits as referred of in the sub-paragraph headed "Maximum number of Shares" above.

(r) Conditions of the Share Option Scheme

The Share Option Scheme is conditional on (i) the Listing Committee granting approval of the listing of, and permission to deal in, the Shares on the Main Board, which Shares may fall to be issued pursuant to the exercise of options granted under the Share Option Scheme; (ii) upon the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any conditions by the Sole Global Coordinator) and such obligation not being terminated in accordance with the terms of the Underwriting Agreements; and (iii) the commencement of dealings in the Shares on the Stock Exchange.

(s) Termination of the Share Option Scheme

We may by resolution in general meeting terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with the provisions of the Share Option Scheme. Details of the options granted, including options exercised or outstanding, under the Share Option Scheme and (if applicable) options that become void or non-exercisable as a result of the termination must be disclosed in the circular to our Shareholders seeking approval of the first new scheme (if any) to be established after such termination.

(t) Status of the Hong Kong Listing Rules

The Share Option Scheme shall comply with the Listing Rules as amended from time to time. In the event that there are differences between the terms of the Share Option Scheme and the Listing Rules, the Listing Rules shall prevail.

(u) Present status of the Share Option Scheme

As at the Latest Practicable Date, no option has been granted or agreed to be granted under the Share Option Scheme. Application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of any options granted under the Share Option Scheme, as described above.

OTHER INFORMATION

14. Indemnities

Estate duty and tax indemnity

Mr. Chum, Able Bright, Golden Realm and Sarasin Trust Company (as trustee of The Chum's Family Trust) (the "Covenantors") have entered into a deed of indemnity with and in favour of our Company (for ourselves and as trustees for each of our present subsidiaries) whereby the Covenantors have given indemnities in connection with, among other things, any liability for estate duty under any law or legislation of any jurisdiction which might be incurred by any member of our Company on or before the Listing Date, and other taxation liabilities (including all fines, penalties, costs, charges, expenses, interest or any additional sums in connection with taxation) which may be made against any member of our Company in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received on or before the Listing Date, save:

(a) to the extent that specific provision or reserve has been made for such taxation in the audited combined financial statements of our Company for the Track Record Period;

(b) to the extent that the liability for such taxation would not have arisen but for some voluntary act or omission of, or transaction voluntarily effected by, any present member of our Company after the Listing Date which we ought reasonably to have known would give rise to such taxation liability other than any act: (i) pursuant to a legally binding obligation of ours entered into or incurred on or before the Listing Date; (ii) pursuant to an obligation imposed by any law, regulation or requirement having the force of law; (iii) which has taken place with the written approval of the Covenantors or pursuant to the Global Offering or any document executed pursuant to the Global Offering; (iv) which has occurred in the ordinary course of business of the relevant present member of the Group; or (v) pursuant to any statement of intention made in this prospectus; or

(c) to the extent that such taxation arises or is increased as a result only of an increase in rates of taxation made after the Listing Date with retrospective effect; or the passing of any legislation or change in practice of any tax authority after the Listing Date with retrospective effect.

Our Directors have been advised that no material liability for estate duty is likely to fall on any member of our Company in the Cayman Islands, the PRC and Macau.

15. Litigation

As at the Latest Practicable Date, save as disclosed in this prospectus, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our results of operations or financial condition.

An ex-employee of Tary made a claim for employees compensation ("**EC Claim**") as a result of an accident happened when the plaintiff was driving a goft cart within the area of the production facilities upon the instructions of her supervisors on 23 September 2004. The EC Claim was settled in or about November 2005 in the sum of approximately HK$1.7 million. On 13 September 2007, such employee has made a further common law claim against Tary and Huizhou Junyang in a legal proceeding (HCPI 805/2007). Her pleaded claim is approximately HK$23 million or alternatively approximately HK$27 million. The common law claim against Huizhou Junyang was discontinued by such employee pursuant to an order dated 7 April 2009. As at the Latest Practicable Date, the common law claim against Tary has been settled (except the legal costs claimed by plaintiff which is in the amount of approximately HK$1.9 million and is subject to negotiation of the parties (but in any event it will be covered by the insurer of Tary)). Pursuant to an employee compensation insurance policy taken out by Tary, the insurer has provided full indemnity to Tary in respect of the common law claim inclusive of any damages, interest and costs payable in relation thereto. Upon review, the Directors consider that as the insurer of Tary has confirmed that it has provided full indemnity to Tary in respect of this claim in accordance with the terms and conditions of the employees' compensation insurance policy taken out by Tary, no provision should be made in this report. Accordingly, the Directors consider that there will not be any material impact, both legally and financially, on the Group's results and operations.

16. Sponsor

The Sole Sponsor has made an application on our behalf to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus, including any Shares falling to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.

The Sole Sponsor has declared pursuant to Rule 3A.08 of the Listing Rules that it is independent pursuant to Rule 3A.07 of the Listing Rules.

17. Registration procedures

Our principal register of members will be maintained in the Cayman Islands by Butterfield Fulcrum Group (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited.

18. Preliminary expenses

Our estimated preliminary expenses are approximately HK$20,684,000 and are payable by us.

19. Promoter

There are no promoters of our Company.

20. Qualifications of experts

The following are the qualifications of the experts which have given their opinion or advice which are contained in, or referred to in, this prospectus:

Expert	Qualification
CCB International Capital Limited	a licensed corporation to conduct types 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities (as set out in Schedule 5 of the SFO)
Commerce & Finance Law Offices	Legal advisers on PRC law to our Company
Conyers Dill & Pearman	Legal advisers on Cayman Islands law to our Company
Deloitte Touche Tohmatsu	Certified Public Accountants
Dorsey & Whitney LLP	Legal advisers on US law to our Company
Fladgate LLP	Legal advisers on laws of England and Wales to our Company
Jones Lang LaSalle Sallmanns Limited	Professional valuer
Leong Hon Man Law Office	Legal advisers on Macau law to our Company
Tony Au & Partners	Legal advisers on Hong Kong law to our Company in relation to section 122 of the Companies Ordinance

21. Consents of experts

Each of CCB International Capital Limited, Commerce & Finance Law Offices, Conyers Dill & Pearman, Deloitte Touche Tohmatsu, Dorsey & Whitney LLP, Fladgate LLP, Jones Lang LaSalle Sallmanns Limited, Leong Hon Man Law Office and Tony Au & Partners has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports, letters, valuation certificate, opinions or summaries of opinions (as the case may be) and the references to its name included herein in the form and context in which they are respectively included.

22. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all person concerned bound by all of the provisions (other than penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

23. Particulars of the Selling Shareholder

Particulars of the Selling Shareholder are set out as follows:

Name of Selling Shareholder	Place of Incorporation	Date of Incorporation	Nature of Company	Address of Registered office	Number of Sale Shares
Able Bright	the British Virgin Islands	25 May 2010	Company with limited liability	P.O. Box 957, Offshore Incorporations Centre Road Town, Tortola, British Virgin Islands	30,000,000

Able Bright is wholly owned by Golden Realm. The entire issued share capital of Golden Realm is registered in the name of Bank Sarasin Nominees. Bank Sarasin Nominees is acting as nominee for Sarasin Trust Company as trustee of The Chum's Family Trust. The beneficiaries of The Chum's Family Trust are certain members of Mr. Chum's family. Save as disclosed above, none of the Directors is interested in the Sale Shares.

24. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

25. Miscellaneous

(a) Save as disclosed in this prospectus:

(i) within the two years immediately preceding the date of this prospectus, neither we nor any of our subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash;

(ii) within the two years immediately preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) within the two years immediately preceding the date of this prospectus, no commission has been paid or payable (except commission to sub-underwriters) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any of our subsidiaries;

(iv) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;

(v) our Directors confirm that since 30 June 2010 (being the date on which the latest audited combined financial statements of our Group was made up), there has been no material adverse change in our financial or trading position or prospects;

(vi) our Directors confirm that there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the twelve months immediately preceding the date of this prospectus; and

(vii) our Company has no outstanding convertible debt securities or debentures.

(b) No company within our Group is presently listed on any stock exchange or traded on any trading system.

(c) All necessary arrangements have been made enabling our Shares to be admitted into CCASS for clearing and settlement.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the **WHITE**, **YELLOW** and **GREEN** Application Forms, the written consents referred to in the paragraph headed "Consents of experts" in Appendix VI to this prospectus, a statement of the name, address and description of the Selling Shareholder referred to in the paragraph headed "Particulars of the Selling Shareholder" in Appendix VI to this prospectus and copies of the material contracts referred to in the paragraph headed "Summary of material contracts" in Appendix VI to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Mallesons Stephen Jaques at 13th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- the Memorandum and the Articles of Association;
- the accountants' report prepared by Deloitte Touche Tohmatsu the text of which is set out in Appendix I to this prospectus;
- the audited financial statements of Two-Two-Free, Tary, Ramber and Huizhou Junyang for the three years ended 31 March 2010 and the three months ended 30 June 2010;
- the unaudited management accounts of the Company, Greenstar and Nupoly from the respective dates of incorporation to 30 June 2010;
- a statement of adjustment prepared by Deloitte Touche Tohmatsu in arriving at the figures shown in the accountants' report and giving the reasons therefor;
- the letters dated 31 December 2010 prepared by Deloitte Touche Tohmatsu relating to the unaudited pro forma financial information and profit estimate of our Group, the text of which are set out in Appendix II and Appendix III to this prospectus respectively;
- the letter dated 31 December 2010 prepared by the Sole Sponsor relating to the profit estimate of our Group, the text of which is set out in Appendix III to this prospectus;
- the full valuation report relating to the property interests of our Company prepared by Jones Lang LaSalle Sallmanns Limited, the text of which is set out in Appendix IV to this prospectus;

- the PRC Legal Opinion dated 31 December 2010 issued by Commerce & Finance Law Offices our PRC Legal Advisers;
- the letter of advice dated 31 December 2010 prepared by Conyers Dill & Pearman summarizing certain aspects of Cayman Islands company law referred to in Appendix V to this prospectus;
- the Macau Legal Opinion dated 31 December 2010 issued by Leong Hon Man Law Office our Macau Legal Advisers;
- the English memorandum dated 8 September 2010 issued by our English Legal Advisers entitled "Laws regarding importing and distributing your major products in the United Kingdom";
- the US memorandum dated 16 December 2010 issued by Dorsey & Whitney LLP our U.S. Legal Advisers entitled "United States Product Safety Regulations Pertaining to Plastic Film Bags";
- the US memorandum dated 16 December 2010 issued by Dorsey & Whitney LLP our U.S. Legal Advisers entitled "U.S. Antidumping Law As Applied To Project Garden";
- the letter dated 23 December 2010 in relation to advice on section 122 of the Companies Ordinance issued by Tony Au & Partners;
- copies of material contracts referred to in the paragraph headed "Summary of material contracts" in Appendix VI to this prospectus;
- the service agreements and letters of appointment referred to in the paragraph headed "Particulars of Directors' service agreements and letters of appointment" in Appendix VI to this prospectus;
- the written consents referred to in the paragraph headed "Consents of experts" in Appendix VI to this prospectus;
- the Companies Law;
- the rules of the Share Option Scheme; and
- the statement of particulars of the Selling Shareholder including its name, address and description.

Newtree Group Holdings Limited
友川集團控股有限公司