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






2010/11
Interim Report

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS
Mr. Chum Tung Hang
Mr. Chum Hon Sing
Ms. Lei Sao Cheng

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Chan Bing Chung
Mr. Chow Tsu-Yin
Mr. Lee Thomas Tuan-Tong

AUTHORISED REPRESENTATIVES
Mr. Chum Hon Sing
Mr. Chan Shiu Yuen Sammy

AUDIT COMMITTEE MEMBERS
Mr. Chan Bing Chung *(chairman)*
Mr. Chow Tsu-Yin
Mr. Lee Thomas Tuan-Tong

REMUNERATION COMMITTEE MEMBERS
Mr. Chow Tsu-Yin *(chairman)*
Mr. Lee Thomas Tuan-Tong
Mr. Chan Bing Chung

NOMINATION COMMITTEE MEMBERS
Mr. Lee Thomas Tuan-Tong *(chairman)*
Mr. Chow Tsu-Yin
Mr. Chan Bing Chung

COMPANY SECRETARY
Mr. Chan Shiu Yuen Sammy, *HKICPA, ACCA*

PRINCIPAL BANKERS
Bank of China Huizhou Huihuan Sub-branch
Bank of China, Macau Branch
DBS Bank (Hong Kong) Limited

COMPLIANCE ADVISER
Guotai Junan Capital Limited

LISTING EXCHANGE INFORMATION
Place of listing: Main Board of
The Stock Exchange of Hong Kong Limited
Stock Code: 1323

REGISTERED OFFICE
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS
Flat L, 12th Floor
Macau Finance Centre
Rua de Paquim
Macau

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Unit 3702, 37/F
West Tower, Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

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 SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen’s Road East
Wan Chai
Hong Kong

AUDITOR
Deloitte Touche Tohmatsu

LEGAL ADVISER
Mallesons Stephen Jaques

COMPANY’S WEBSITE
www.newtreegroupholdings.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present on behalf of the Board of Directors (the "Board") the first interim report of Newtree Group Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") after its listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 January 2011 (the "Listing"). During the six months ended 30 September 2010, the Group achieved favourable results by further enhancing the Group's European and United States ("US") markets.

Benefited from the growth of the US market, the turnover reached HK$233.2 million, arising substantially by 35.2% compared with the same period of 2009.

The Listing strengthened the Company's shareholders base and enhanced its standard in corporate governance, which marked a new milestone for the Group's development. I am very confident that the leading position of the Group will be sustainable.

Looking ahead, apart from entering the People's Republic of China ("PRC") market, the Group will also develop opportunities in other overseas markets. The Group will also continue to strengthen its competitiveness to achieve outstanding results and maximize returns for shareholders.

Finally, on behalf of the Board, I would like to take this opportunity to thank our colleagues of the Board, our dedicated staff for their hard work and contribution as well as our business partners for their support during the period.

Chum Tung Hang
Chairman

Macau, 28 January 2011

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The following table is a summary of our Group's audited combined results for the six months ended 30 September 2010, together with the comparative figures for the corresponding period in 2009.

	Six months ended 30 September	
	2010	2009
	HK$'000	HK$'000
		(unaudited)
Revenue	**233,222**	172,528
Cost of sales	**(170,625)**	(117,919)
	62,597	54,609
Other income	**1,816**	4,748
Selling and distribution expenses	**(5,720)**	(6,316)
Administrative expenses	**(7,127)**	(4,796)
Listing expenses	**(8,061)**	—
Profit before taxation	**43,505**	48,245
Income tax expense	**(1,500)**	(590)
Profit for the period	**42,005**	47,655
Other comprehensive income		
Exchange difference arising on translation	**217**	28
Total comprehensive income for the period attributable to owners of the Company	**42,222**	47,683

Revenue

The Group's revenue increased by HK$60.7 million, 35.2% from HK$172.5 million for the six months ended 30 September 2009 to HK$233.2 million for the corresponding period in 2010 mainly reflecting an increase in the sales of clinical application products.

The following table sets forth a breakdown of the Group's revenue by geographical locations and segments and as a percentage of the Group's total revenue for the six months ended 30 September 2010, with comparative figures for the corresponding period in 2009.

	Six months ended 30 September			
	2010 HK$'000 (audited)	**2010 %**	2009 HK$'000 (unaudited)	2009 %
By sector:				
Household application	**119,133**	**51.1**	130,440	75.6
Clinical application	**114,089**	**48.9**	42,088	24.4
Total	**233,222**	**100.0**	172,528	100.0
By geographical locations:				
United Kingdom	**68,759**	**29.5**	90,998	52.8
Norway	**53,855**	**23.1**	44,734	26.0
Sweden	**1,442**	**0.6**	1,223	0.7
Germany	**3,084**	**1.3**	13,481	7.8
United States of America	**102,746**	**44.1**	1,110	0.6
Singapore	**438**	**0.2**	13,856	8.0
Other	**2,898**	**1.2**	7,126	4.1
	233,222	**100.0**	172,528	100.0

The Group's revenue on household application products decreased by HK$11.3 million, 8.7%, from HK$130.4 million for the six months ended 30 September 2009 to HK$119.1 million for the corresponding period in 2010 due to the Group's shift in focus on household application customers with high end products. The Group's revenue on clinical application products significantly increased by HK$72.0 million, 171.1%, from HK$42.1 million for the six months ended 30 September 2009 to HK$114.1 million for corresponding period in 2010 mainly due to the increase in sales from our US customers.

Cost of sales

Cost of sales increased by 44.7% from HK$117.9 million for the six months ended 30 September 2009 to HK$170.6 million for the corresponding period in 2010. The increase mainly comes from the increase in sales level.

Gross profit and gross profit margin

Gross profit increased by HK$8.0 million, 14.6%, from HK$54.6 million for the six months ended 30 September 2009 to HK$62.6 million for the corresponding period in 2010. The Group's overall gross profit margin decreased from 31.7% for the six months ended 30 September 2009 to 26.8% for the corresponding period in 2010, primarily as a result of the changes in the product mix of the Group's sales.

The following table sets forth the Group's gross profit and the gross profit margin by sector for the six months ended 30 September 2010, with comparative figures for the corresponding period in 2009.

	Six months ended 30 September			
	2010 HK$'000 (audited)	**2010 %**	2009 HK$'000 (unaudited)	2009 %
By Sector:				
Household application	**45,099**	**37.9**	48,494	37.2
Clinical application	**17,498**	**15.3**	6,115	14.5
Total	**62,597**	**26.8**	54,609	31.7

The gross profit of household application products decreased by HK$3.4 million, 7.0%, from HK$48.5 million for the six months ended 30 September 2009 to HK$45.1 million for the corresponding period in 2010. The gross profit margin for household application products increased from 37.2% for the six months ended 30 September 2009 to 37.9% for the corresponding period in 2010 primarily due to the Group's emphasis on the sales of high end and patented products for that sector.

The gross profit of clinical application products increased by HK$11.4 million, 186.1%, from HK$6.1 million for the six months ended 30 September 2009 to HK$17.5 million for the corresponding period in 2010. The gross profit margin for clinical application products increased from 14.5% for the six months ended 30 September 2009 to 15.3% for the corresponding period in 2010 primarily due to the decrease in the consumption of polyethylene.

Other income

Other income mainly consists of exchange gain, bank interest income and sundry income. Other income decreased by HK$2.9 million, 61.8%, from HK$4.7 million for the six months ended 30 September 2009 to HK$1.8 million for the corresponding period in 2010 mainly due to the decrease in exchange gain of HK$0.4 million and the decrease in imputed interest income arising on the amount due from a director of HK$2.5 million from the previous corresponding period.

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 to our Group. The selling and distribution expenses decreased by HK$0.6 million, 9.4%, from HK$6.3 million for the six months ended 30 September 2009 to HK$5.7 million for the corresponding period in 2010 and this was mainly due to a reduction in commission paid to sales agents.

Administrative expenses

Administrative expenses mainly consist of salaries, staff welfare expenses, amortization of prepaid lease payment, depreciation of properties, plants and equipment in relation to the administrative functions. The administrative expenses increased by HK$2.3 million, 48.6%, from HK$4.8 million for the six months ended 30 September 2009 to HK$7.1 million for the corresponding period in 2010 mainly due to the increase in depreciation charges on the temporary structure, audit fee and other office and travelling expenses in relation to the Listing.

Listing expenses

Listing expenses refer to the share of fees paid to various professional parties in relation to the Listing for the six months ended 30 September 2010 of which none was incurred in the corresponding period in 2009.

Profit before tax

The Group's profit before tax decreased by HK$4.7 million, 9.8%, from HK$48.2 million for the six months ended 30 September 2009 to HK$43.5 million for the corresponding period in 2010. The decrease was mainly due to the increase of administrative expenses of HK$2.3 million, Listing expenses of HK$8.1 million and the decrease of other income of HK$2.9 million and was partially offset by the increase in gross profit of HK$8.0 million.

Income tax expenses

Income tax expenses increased by HK$0.9 million, 154.2%, from HK$0.6 million for the six months ended 30 September 2009 to HK$1.5 million for the corresponding period in 2010.

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

Total comprehensive income for the period attributable to owners of the Company decreased by HK$5.5 million, 11.5%, from HK$47.7 million for the six months ended 30 September 2009 to HK$42.2 million for the corresponding period in 2010. The Group's net profit margin decreased from 27.6% in the six months ended 30 September 2009 to 18.0% in the corresponding period in 2010.

Interim dividend

A dividend recognised as distribution amounted to HK$140 million was declared to the shareholders of two-two-free on 30 June 2010, and was settled through the balance with directors.

The Board did not recommend the payment of any interim divided for the six months ended 30 September 2010. No comparative figure was presented as the Company was not yet incorporated during the corresponding period in 2009.

FINANCIAL REVIEW

Liquidity and financial resources

The Group's principal source of working capital was cash generated from the sales of its products. The Group's current ratio as at 30 September 2010 was 2.1 (as at 31 March 2010: 2.1). As at 30 September 2010 and 31 March 2010, the gearing ratio, which is calculated with total borrowings over shareholders equity, was zero.

Currency and interest rate exposure

Certain sales transactions of the Group are denominated in foreign currencies, which exposes the Group to foreign currency risks. 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 arises. Certain monetary financial assets are denominated in foreign currencies as at 30 September 2010. The exposure in exchange rate risks mainly arose 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.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation on interest rates arising from the Group's bank deposits. The Group's exposure to interest rate risks on bank deposits is expected to be minimal.

Contingent liability

As at 30 September 2010, the Group does not have any material contingent liability.

COMMITMENTS

As at 30 September 2010, the Group does not have any material commitments.

MATERIAL ACQUISITION AND DISPOSAL

During the period under review, the Company had no material acquisition or disposal of subsidiaries and affiliated companies.

SUBSEQUENT EVENTS

Subsequent to 30 September 2010, in preparing for the Listing, the companies now comprising the Group underwent a pre-listing reorganization to rationalize the Group's structure (the "Group Reorganization"). As a result of the Group Reorganization, the Company became the holding company of the Group on 24 December 2010.

USE OF PROCEED FROM INITIAL PUBLIC OFFER

The shares of the Company were listed on the Main Board of the Stock Exchange on 13 January 2011. The estimated net proceeds from the Listing after deducting the relevant expenses were approximately HK$285.6 million. As at 30 September 2010, the Company had not accomplished the Listing. The Company currently does not have any intention to change its plan for use of proceeds as stated in the Prospectus.

HUMAN RESOURCES

The number of employees of the Group as at 30 September 2010, was approximately 235, whom receive competitive remuneration packages that are constantly monitored in relation to the market, with incentives such as discretionary bonuses based on individual performance. The Group provides a comprehensive benefit package and career development opportunities, including medical benefits and both internal and external training appropriate to each individual's requirements.

PROSPECT

The Group's vision is to become a leading manufacturer of the clinical consumables in the PRC, European countries and the US by providing quality and patented products to our customers.

The Group will focus on the PRC clinical consumable market, which is expected to benefit from the continued tightened control by the PRC government's health care policies. The Group will continue to work closely with the customers to develop innovative solutions that are tailor-made to suit their needs.

To provide better service to its customers, the Group will endeavour to offer additional products by expanding its product portfolio. The Group recognizes that in order to remain competitive and to stay at the forefront of the industry, it is vital that the Group continues to develop its proprietary technology. Hence, the Group will focus on the development of proprietary technology and new product offerings by increasing its research and development capabilities.

Whilst there remains substantial uncertainties and challenges, the Group will continue to adopts prudent approach in respect of risk control, profit maximization and cost control. Having said that, the Group will continue our dedication to the European, US and PRC markets, with an expectation to enhance the return to all stakeholders in the future.

OTHER INFORMATION

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICE

As the Company's shares were not yet listed on the Stock Exchange for the six months ended 30 September, 2010, the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules was not applicable to the Company for the period. The Company has adopted the Code as its corporate governance code of practices upon the Listing and is in compliance with all the mandatory code provisions in the Code.

The Company has complied with Rules 3.10(1) and 3.10(2) of the Listing Rules and appointed three independent non-executive Directors including one with financial management expertise.

MODEL CODE FOR SECURITIES TRANSACTIONS

As the Company's shares were not yet listed on the Stock Exchange for the six months ended 30 September, 2010, the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules was not applicable to the Company for the period. The Company has adopted the Model Code as the code for dealing in securities of the Company by the Directors upon the Listing. Having made specific enquiries to all the Directors, all the Directors have confirmed that they have complied with the required standards of the Model Code since the Listing.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As the shares have only been listed on the main board of the Stock Exchange since the Listing Date, no disclosure of interests or short positions of any Directors and/or chief executives of the Company in any Shares, underlying shares or debentures of the Company and any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) were made to the Company under the provisions of Division 7 and 8 of Part XV of the SFO as of 30 September 2010.

As at the Listing Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 to the Listing Rules were as follows:

Name of director	**Nature of interest**	**Total number of shares held** *(note)*	**Approximate percentage of interest in the Company**
Mr. Chum Tung Hang	controlled corporation	476,666,000	71.5%

Note: These 476,666,000 shares are held by Able Bright Limited ("Able Bright"), which in turn is wholly and beneficially owned by The Chum's Family Trust. The Chum's Family Trust is deemed under the SFO to be interested in 476,666,000 shares held by Able Bright.

DIRECTOR'S RIGHT TO ACQUIRE SHARES OR DEBENTURE

Save as otherwise disclosed in this report, at no time during the six months ended 30 September 2010 and up to the date of this report were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or any of their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As the shares have only been listed on the main board of the Stock Exchange since the Listing Date, no disclosure of interests or short positions in any shares or underlying shares of the Company were made to the Company under the provisions of Division 2 and 3 of Part XV of the SFO as of 30 September 2010.

As at the Listing Date, the following persons (not being a Director or the chief executive of our Company) have interests or short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	**Nature of interest**	**Total number of shares held** *(note)*	**Approximate percentage of interest in the Company**
The Chum's Family Trust *(note 1)*	Interest of corporation controlled by substantial shareholders	476,666,000	71.5%
Golden Realm Limited *(note 1)*	Interest of corporation controlled by substantial shareholders	476,666,000	71.5%
Able Bright Limited *(note 2)*	Beneficial Owner	476,666,000	71.5%

Note:

1. The entire issued share capital of Golden Realm Limited is registered in the name of Bank Sarasin Nominees (CI) Limited ("Bank Sarasin Nominees"). Bank Sarasin Nominees acts as nominee for Sarasin Trust Company Guernsey Limited as trustee of The Chum's Family Trust, which is in its capacity as trustee of The Chum's Family Trust deemed to be interested in the Shares held by The Chum's Family Trust under the SFO.

2. The entire issued share capital of Able Bright Limited is owned by Golden Realm Limited. Pursuant to a stock borrowing agreement between Guotai Junan Securities (Hong Kong) Limited ("Guotai Junan") and Able Bright dated 6 January 2011, Able Bright had loaned 13,000,000 Shares to Guotai Junan in relation to the Over-allotment Option as stated in the Prospectus date 31 December 2010. As at the date of this report, the Over-allotment Option has not been exercised yet.

Save as disclosed herein, the Company has not been notified of any other person (other than Directors or chief executives of the Company) who had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at the Listing Date.

SHARE OPTION SCHEME

The Company's share option scheme was adopted pursuant to a resolution passed on 17 December 2010 (the "Share Option Scheme") for the purpose of providing incentives and rewards to employees, executive and officers (including executive and non-executive directors) of the Company and any of its subsidiaries and advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who will contribute or have contributed to the Company or any of its subsidiaries. Under the Share Option Scheme, the Board may grant options to eligible employees, including the Directors and any of its subsidiaries, to subscribe for shares in the Company.

Without prior approval from the Company's shareholders, (i) the total number of shares to be issued under the options of the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue; (ii) the number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company then in issue.

Options may be exercised at any time not exceeding a period of 10 years from the date on which the share options is accepted. The exercise price is determined by the Directors, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

As at the date of this report, no options were granted under the Share Option Scheme.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

As the Company's shares were not yet listed on the Stock Exchange for the six months ended 30 September 2010, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares listed on the Stock Exchange.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENT

The audit committee of the Company (the "Audit Committee") was established on 17 December 2010 with written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are, among other things, to review and supervise the Company's financial reporting process and internal control systems.

The Audit Committee comprises three independent non-executive directors, being Mr. Chan Bing Chung, Mr. Chow Tsu Yin and Mr. Lee Thomas Tuan Tong. The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters, including the review of the audited combined interim financial statements of the Group for the six months ended 30 September 2010. The combined interim financial statements for the six months ended 30 September 2010 have been audited by the Company's auditors, Deloitte Touche Tohmatsu ("Deloitte").

The Company notes that Deloitte has noted in their Independent Auditor's Report in respect of the Company dated 28 January 2011 that without qualifying their opinion, Deloitte draw attention to the fact that the corresponding figures set out in the combined statement of comprehensive income, the combined statement of changes in equity, the combined statement of cash flows and the relevant explanatory notes for the six months ended 30 September 2009 have not been audited.

REMUNERATION COMMITTEE

The Company established a remuneration committee (the "Remuneration Committee") on 17 December 2010, whose primary duties are to evaluate and make recommendations to the Board regarding the compensation of the Directors. In addition, the Remuneration Committee conducts reviews of the performance, and determines the compensation structure of the senior management of the Group. The current members of the Remuneration Committee are Mr. Chow Tsu Yin, Mr. Lee Thomas Tuan Tong and Mr. Chan Bing Chung.

NOMINATION COMMITTEE

The Company established a nomination committee (the "Nomination Committee") on 17 December 2010 to make recommendations to the Board regarding candidates to fill vacancies on the Board. The current members of the Nomination Committee are Mr. Lee Thomas Tuan Tong, Mr. Chan Bing Chung and Mr. Chow Tsu Yin.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

In the six months ended 30 September 2010 and up to the date of this report, there were no changes to information required to be disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules, where applicable.

By the order of the board
Newtree Group Holdings Limited
Chum Tung Hang
Chairman

Macau, 28 January 2011

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE DIRECTORS OF NEWTREE GROUP HOLDINGS LIMITED
友川集團控股有限公司
(incorporated in the Cayman Islands with limited liability)

We have audited the combined financial statements of Newtree Group Holdings Limited (the "Company") and its subsidiaries which became the subsidiaries of the Company on 24 December 2010 (collectively referred to as the "Group") set out on pages 17 to 55, which comprise the combined statement of financial position as at 30 September 2010, and the combined statement of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the six months ended 30 September 2010, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE COMBINED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of these combined financial statements in accordance with the basis of presentation set out in note 1 to the combined financial statements and significant accounting policies set out in note 3 to the combined financial statements which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the combined financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these combined financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the combined financial statements for the six months ended 30 September 2010 have been properly prepared in accordance with the basis of presentation set out in note 1 to the combined financial statements and significant accounting policies set out in note 3 to the combined financial statements which conform with Hong Kong Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance.

Without qualifying our opinion, we draw attention to the fact that the corresponding figures set out in the combined statement of comprehensive income, the combined statement of changes in equity, the combined statement of cash flows and the relevant explanatory notes for the six months ended 30 September 2009 have not been audited.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

28 January 2011

COMBINED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2010

	Notes	Six months ended 30 September 2010 HK$'000	2009 HK$'000 (unaudited)
Revenue	6	233,222	172,528
Cost of sales		(170,625)	(117,919)
Gross profit		62,597	54,609
Other income	7	1,816	4,748
Selling and distribution expenses		(5,720)	(6,316)
Administrative expenses		(7,127)	(4,796)
Listing expenses		(8,061)	—
Profit before taxation		43,505	48,245
Income tax expense	8	(1,500)	(590)
Profit for the period	9	42,005	47,655
Other comprehensive income			
Exchange difference arising on translation		217	28
Total comprehensive income for the period, attributable to owners of the Company		42,222	47,683
Earnings per share	12		
— basic (HK cents)		8.29	9.41

COMBINED STATEMENT OF FINANCIAL POSITION

At 30 September 2010

	Notes	At 30 September 2010 HK$'000	At 31 March 2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	**38,779**	42,370
Prepaid lease payments	*14*	**6,348**	6,417
		45,127	48,787
CURRENT ASSETS			
Inventories	*15*	**42,060**	43,773
Prepaid lease payments	*14*	**198**	198
Trade and other receivables and prepayments	*16*	**81,078**	124,754
Amount due from a director	*17(i)*	**—**	155,933
Bank balances and cash	*18*	**32,032**	9,237
		155,368	333,895
CURRENT LIABILITIES			
Trade and other payables and accruals	*19*	**46,625**	54,965
Amounts due to directors	*17(ii)*	**22,853**	100,325
Tax payable		**2,839**	1,339
		72,317	156,629
NET CURRENT ASSETS		**83,051**	177,266
		128,178	226,053
CAPITAL AND RESERVES			
Share/paid up capital	*20*	**1,078**	1,175
Reserves		**127,100**	224,878
		128,178	226,053

The combined financial statements on pages 17 to 55 were approved and authorised for issue by the Board of Directors on 28 January 2011 and are signed on its behalf by:

Chum Tung Hang	**Chum Hon Sing**
DIRECTOR	*DIRECTOR*

COMBINED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2010

	Attributable to owners of the Company					
	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 2009	1,097	49	8,502	(6,000)	143,248	146,896
Profit for the year	—	—	—	—	78,944	78,944
Exchange difference 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	—	—	—	—	42,005	42,005
Exchange difference arising on translation	—	—	217	—	—	217
Total comprehensive income for the period	—	—	217	—	42,005	42,222
Dividend recognised as distribution	—	—	—	—	(140,000)	(140,000)
Effect from group reorganisation *(Note iii)*	(97)	—	—	—	—	(97)
At 30 September 2010	1,078	49	8,854	(6,000)	124,197	128,178
UNAUDITED						
At 1 April 2009	1,097	49	8,502	(6,000)	143,248	146,896
Profit for the period	—	—	—	—	47,655	47,655
Exchange difference arising on translation	—	—	28	—	—	28
Total comprehensive income for the period	—	—	28	—	47,655	47,683
At 30 September 2009	1,097	49	8,530	(6,000)	190,903	194,579

Notes:

(i) In accordance with the provisions of Macao Commercial Code, Two-Two-Free Limited-Macao Commercial Offshore ("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 Tung Hang ("Mr. Chum"), a director of the Company, measured at amortised cost using the effective interest method and its principal amount at inception.

(iii) On 24 September 2010, pursuant of the Group Reorganisation as defined in Note 1, Mr. Chum and Ms. Lei Sao Cheng ("Mrs. Chum"), directors of the Company, transferred their 100% equity interests of Two-Two-Free to Greenstar Enviro-Tech Investments Company Limited ("Greenstar Enviro-Tech") for an aggregate cash consideration of MOP100,000 (equivalent to approximately HK$97,000), which was equal to the total capital of Two-Two-Free as at that date. The amount had been settled in November 2010.

COMBINED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2010

	Six months ended 30 September 2010 HK$'000	Six months ended 30 September 2009 HK$'000 (unaudited)
OPERATING ACTIVITIES		
Profit before taxation	**43,505**	48,245
Adjustments for:		
Depreciation of property, plant and equipment	**3,944**	2,790
Amortisation of prepaid lease payments	**99**	96
Impairment loss recognised on other receivables	**68**	—
Interest income	**(8)**	(12)
Operating cash flows before movements in working capital	**47,608**	51,119
Decrease in inventories	**1,713**	10,870
Decrease (increase) in trade and other receivables and prepayments	**43,608**	(19,338)
Decrease in trade and other payables and accruals	**(8,340)**	(10,127)
NET CASH FROM OPERATING ACTIVITIES	**84,589**	32,524
INVESTING ACTIVITIES		
Advance to directors	**(24,439)**	(28,176)
Purchase of property, plant and equipment	**(152)**	(605)
Interest received	**8**	12
Repayment of amounts due from directors	**7**	7
NET CASH USED IN INVESTING ACTIVITIES	**(24,576)**	(28,762)
FINANCING ACTIVITIES		
Repayment of amounts due to directors	**(38,486)**	(40)
Advance from directors	**1,282**	3,608
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(37,204)**	3,568
NET INCREASE IN CASH AND CASH EQUIVALENTS	**22,809**	7,330
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**9,237**	17,861
Effect of foreign exchange rate changes	**(14)**	2
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	**32,032**	25,193

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the six months ended 30 September 2010

1. CORPORATE INFORMATION AND BASIS OF PRESENTATION OF THE COMBINED FINANCIAL STATEMENTS

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law Chapter 22 of the Cayman Islands on 9 June 2010. On 13 July 2010, 16 November 2010 and 7 December 2010, the name of the Company changed from Newtree Medical Enviro Material Holdings Ltd. to Newtree Medical Enviro Holdings Limited, to Newtree Clinical Consumables Holdings Limited, and then to the existing name, respectively. Its shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 13 January 2011 (the "Listing"). The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company acts as an investment holding company. The principal activities of the Group is engaged in the manufacture and trading of plastic products.

Pursuant to a group reorganisation (the "Group Reorganisation") in preparation for the listing of the Company's shares on the Stock Exchange, as more fully explained in the paragraph headed "Reorganisation" in the section headed "Corporate Reorganisation" in Appendix VI of the prospectus dated 31 December 2010 issued by the Company (the "Prospectus"), the Company became the holding company of Greenstar Enviro-Tech and its subsidiaries on 24 December 2010.

Although the Group resulting from the above mentioned Group Reorganisation did not exist until 24 December 2010, the directors of the Company consider that meaningful information about the historical performance of the Group, which includes entities under common control, is provided by treating the Group resulting from the Group Reorganisation as a continuing entity as if the group structure as at 24 December 2010 had been in existence from the beginning of the year ended 31 March 2010. Accordingly, the combined financial statements of the Group have been prepared using the principles of merger accounting as if the group structure under the Group Reorganisation had been in existence throughout the year ended 31 March 2010 and the six months ended 30 September 2010 or since the respective dates of incorporation or establishment, whichever is the shorter period.

The combined statement of comprehensive income, the combined statement of cash flows and the combined statement of changes in equity which are prepared in accordance with the principles of merger accounting, for each of the six months ended 30 September 2010 and 2009 include the financial statements of the companies now comprising the group as if the group structure upon the completion of the Group Reorganisation had been in existence throughout the year ended 31 March 2010 and six months ended 30 September 2010 or since the respective dates of incorporation or establishment of the group entities whichever is the shorter period. The combined statements of financial position of the Group as at 30 September 2010 and 31 March 2010 have been prepared in accordance with the principles of merger accounting to present the assets and liabilities of the companies comprising the Group as if the group structure upon the completion of the Group Reorganisation had been in existence as at those dates.

1. CORPORATE INFORMATION AND BASIS OF PRESENTATION OF THE COMBINED FINANCIAL STATEMENTS *(Continued)*

The direct and indirect interests in the following subsidiaries held by the Company upon the completion of the Group Reorganisation are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company as at 30 September 2010 %	Attributable equity interest held by the Company as at 31 March 2010 %	Principal activities
Greenstar Enviro-Tech*	British Virgin Islands ("BVI") 12 January 2010	USD10,000	100	100	Investment holding
Two-Two-Free	Macau 5 February 2004	MOP$100,000	100	100	Trading of plastic products
Ramber Industrial Limited	Hong Kong ("HK") 16 June 1989	HK$2	100	100	Investment holding
Tary Limited	HK 14 March 1986	HK$1,000,000	100	100	Trading of plastic products
Nupoly Medical Supply Development Co. Limited	HK 25 March 2010	HK$1	100	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	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**	The PRC 16 September 2010	—***	100	N/A	Inactive

* The subsidiary which is directly owned by the Company.

** English translated name is for identification purpose only.

*** The registered capital is HK$1,200,000, up to the date of issue of these financial statements, no registered capital has been paid up.

1. CORPORATE INFORMATION AND BASIS OF PRESENTATION OF THE COMBINED FINANCIAL STATEMENTS *(Continued)*

The combined financial statements have been presented in Hong Kong dollars ("HKD"), while the functional currency of the Company is United States dollars ("USD"). The directors of the Company selected HKD as the presentation currency because the directors of the Company consider that presenting the combined financial statements in HKD is preferable when controlling and monitoring the performance and financial position of the Group.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purpose of preparing and presenting the combined financial statements for the period, the Group has consistently applied 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 accounting period beginning on 1 April 2010.

At the date of issue of these financial statements, the HKICPA has issued the following new or revised standards, amendments or interpretations which are not yet effective:

HKFRSs (Amendments)	Improvement in HKFRSs 2010[1]
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[3]
HKFRS 7 (Amendments)	Disclosures: Transfer of Financial Assets[3]
HKFRS 9	Financial Instruments[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (Revised)	Related Party Disclosures[6]
HK(IFRIC) — Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
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 July 2011.
4 Effective for annual periods beginning on or after 1 January 2013.
5 Effective for annual periods beginning on or after 1 January 2012.
6 Effective for annual periods beginning on or after 1 January 2011.

"HKFRS 9 Financial Instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. "HKFRS 9 Financial Instruments" (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

- Under HKFRS 9, all recognised financial assets that are within the scope of "HKAS 39 Financial Instruments: Recognition and Measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 9 that will be adopted in the Group's combined financial statements for financial year beginning 1 April 2013 and that the application of the new Standard may not have a significant impact on amounts reported in respect of the Groups' financial assets and financial liabilities.

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 results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements have been prepared on the historical cost basis, as explained in the accounting policies set out below which conform with HKFRSs.

In addition, the combined financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of combination

The combined financial statements incorporate 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 into 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 recognised 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 (other than construction in progress) 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 recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

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 derecognised 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 derecognised.

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 amortised in the next twelve months or less are classified as current assets.

Inventories

Inventories are stated at the lower of cost and net realisable 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 recognised in profit or loss in the period in which they arise.

For the purposes of presenting the combined financial statements, 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 period. Exchange differences arising, if any, are recognised 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 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 recognised on temporary differences between the carrying amounts of assets and liabilities in the combined financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised 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 utilised. Such assets and liabilities are not recognised 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 recognised 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 recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise 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 recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised 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 recognised and derecognised 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 amortised 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 recognised 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, amount due from a director and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

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 recognised 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 amortised cost, an impairment loss is recognised 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 recognised, the previously recognised 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 amortised cost would have been had the impairment not been recognised.

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 recognised 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

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 amortised 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 recognised on an effective interest basis.

Financial liabilities

The Group's financial liabilities (including trade and other payables and amounts due to directors) are subsequently measured at amortised 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 derecognised 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 recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 recognised 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 recognised for the asset in prior years. A reversal of an impairment loss is recognised 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 recognised 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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Estimated allowances for inventories

The management estimates the net realisable 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 realisable values. Where the expectation on the net realisable 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 30 September 2010 and 31 March 2010, the carrying amounts of trade receivables are approximately HK$48,359,000 and HK$106,495,000, respectively, and other receivables are approximately HK$2,222,000 and HK$979,000 (net of impairment loss recognised of HK$68,000 and nil), respectively.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	At 30 September 2010 HK$'000	At 31 March 2010 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**107,562**	285,922
Financial liabilities		
Amortised cost	**66,268**	152,486

5. FINANCIAL INSTRUMENTS *(Continued)*

(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), 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 include market risk, credit risk and liquidity risk and the policies on how to mitigate these 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 perform an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the combined statements of financial position.

5. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

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 authorised institutions and the directors of the Company consider the credit risk of such authorised institutions is low.

The Group has concentration of credit risk on top five major customers which accounted for as 96.3% and 98.1% of the Group's total trade and bills receivables as at 30 September 2010 and 31 March 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 concentration of credit risk will be 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 the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the aged 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.

5. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Liquidity and interest risk table

	Weighted average of contractual 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
As at 30 September 2010					
Trade and other payables	—	20,259	23,156	43,415	43,415
Amount due to a director	—	22,853	—	22,853	22,853
		43,112	23,516	66,268	66,268

	Weighted average of contractual 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
As 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

(c) Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using price or rates from observable current market transactions.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the combined financial statements approximate their fair values.

5. FINANCIAL INSTRUMENTS *(Continued)*

(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 maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the period.

The capital structure of the Group consists amounts due to directors, 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 SEGMENT 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 organised into the following reportable operating segments, by category of products for both 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 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.

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

An analysis of the Group's segment profit before taxation and assets by operating segment is as follows:

	For the six months ended 30 September 2010		
	Household application products HK$'000	Clinical application products HK$'000	Total HK$'000
Revenue from external customers	119,133	114,089	233,222
Segment result	45,099	17,498	62,597
Unallocated income:			
Bank interest income			8
Other income			1,808
Unallocated expenses:			
Depreciation of property, plant and equipment			(2,284)
Amortisation of prepaid lease payments			(99)
Listing expenses			(8,061)
Other expenses			(10,464)
Profit before taxation			43,505
Segment assets as at 30 September 2010	36,343	46,194	82,537
Unallocated assets:			
Property, plant and equipment			38,779
Prepaid lease payments			6,546
Inventories			35,019
Other receivables and prepayments			5,582
Bank balances and cash			32,032
Combined assets as at 30 September 2010			200,495

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

	For the six months ended 30 September 2009		
	Household application products HK$'000 (unaudited)	Clinical application products HK$'000 (unaudited)	Total HK$'000 (unaudited)
Revenue from external customers	130,440	42,088	172,528
Segment result	48,494	6,115	54,609
Unallocated income:			
Bank interest income			12
Imputed interest income arising on the amount due from a director			2,500
Other income			2,236
Unallocated expenses:			
Depreciation of property, plant and equipment			(1,100)
Amortisation of prepaid lease payments			(96)
Other expenses			(9,916)
Profit before taxation			48,245

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

	For the year ended 31 March 2010		
	Household application products HK$'000	Clinical application products HK$'000	Total HK$'000
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
Amount due from a director			155,933
Bank balances and cash			9,237
Combined assets as at 31 March 2010			382,682

(a) Information about major customers

For the six months ended 30 September 2010

The revenue from the Group's largest customer which attributed to clinical application products was approximately HK$91,659,000, representing 39.3% to the total sales of the Group for the six months ended 30 September 2010.

In addition to the largest customer, there are three customers attributed to household and clinical application products contributing about 23.1%, 14.1% and 10.4% to the total sales of the Group. The revenue of these three customers was approximately HK$53,855,000, HK$32,813,000 and HK$24,195,000, respectively.

For the six months ended 30 September 2009 (unaudited)

The revenue from the Group's largest customer which attributed to household and clinical application products was approximately HK$51,309,000, representing 29.7% to the total sales of the Group for the six months ended 30 September 2009.

In addition to the largest customer, there are two customers attributed to household application products contributing about 25.9% and 17.2% to the total sales of the Group. The revenue of these two customers was approximately HK$44,735,000 and HK$29,724,000, respectively.

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) Information about geographical areas

In determining the Group's information about geographical areas, revenue are attributed to the segments 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 Six months ended 30 September	
	2010 **HK$'000**	2009 HK$'000 (unaudited)
United Kingdom	**68,759**	90,998
Norway	**53,855**	44,734
Sweden	**1,442**	1,223
Germany	**3,084**	13,481
United States of America	**102,746**	1,110
Singapore	**438**	13,856
Others	**2,898**	7,126
	233,222	172,528

7. OTHER INCOME

	Six months ended 30 September	
	2010 **HK$'000**	2009 HK$'000 (unaudited)
Bank interest income	**8**	12
Exchange gain	**1,673**	2,023
Imputed interest income arising on the amount due from a director	**—**	2,500
Others	**135**	213
	1,816	4,748

8. INCOME TAX EXPENSE

	Six months ended 30 September	
	2010	2009
	HK$'000	HK$'000
		(unaudited)
Income tax expense represents:		
Current tax:		
PRC Enterprise Income Taxation ("EIT")	**1,500**	590

(i) HK

HK Profits Tax is calculated at 16.5% of the estimated assessable profit for the periods.

No provision for HK Profits Tax has been made in the financial statements as the subsidiaries of the Group operating in HK had no assessable profit for the 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 ("FIEIT") 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.

8. INCOME TAX EXPENSE *(Continued)*

(ii) PRC *(Continued)*

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 income tax expense for the periods can be reconciled to the profit before taxation per the combined statements of comprehensive income as follows:

	Six months ended 30 September	
	2010	2009
	HK$'000	HK$'000
		(unaudited)
Profit before taxation	**43,505**	48,245
Tax at domestic tax rates applicable to profits of taxable entities in the countries concerned	**10,930**	12,045
Tax effect of income not taxable for tax purpose	**(2)**	(628)
Tax effect of tax losses not recognised	**17**	—
Tax effect of PRC tax holidays/exemption granted to a group entity	**(9,137)**	(10,795)
Utilisation of tax losses previously not recognised	**(308)**	(32)
Income tax expense for the period	**1,500**	590

8. INCOME TAX EXPENSE *(Continued)*

The Group had utilised tax losses of approximately HK$1,826,000 and HK$4,189,000 as at 30 September 2010 and 31 March 2010, respectively, which are available to offset against future profits. No deferred tax asset has been recognised in respect of these unused tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$1,577,000 (31 March 2010: HK$4,040,000) that will expire in 5 years. Other losses may be carried forward indefinitely.

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 HK, a treaty rate of 5% will be applicable. No deferred tax liability has been provided for Huizhou Junyang as Huizhou Junyang had no distributable profits at the end of respective reporting period.

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

9. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2010 HK$'000	2009 HK$'000 (unaudited)
Profit for the period has been arrived at after charging:		
Auditors' remuneration	**572**	30
Directors' remuneration *(note 10)*	**69**	68
Other staff costs	**4,440**	4,561
Retirement benefit scheme contributions	**290**	165
Total staff costs	**4,799**	4,794
Cost of inventories	**170,625**	117,919
Depreciation of property, plant and equipment	**3,944**	2,790
Amortisation of prepaid lease payments	**99**	96
Impairment loss recognised on other receivables	**68**	—

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors

Details of the emoluments paid to the directors of the Company for the periods are as follows:

	Six months ended 30 September	
	2010	2009
	HK$'000	HK$'000
		(unaudited)
Directors' fees	**—**	—
Salaries and other allowances	**69**	68
Bonus	**—**	—
Retirement benefit schemes contributions	**—**	—
Others	**—**	—
	69	68
Directors:		
Mr. Chum	**—**	—
Mrs. Chum *(note i)*	**—**	—
Mr. Desmond Chum Hon Sing *(note ii)*	**69**	68
	69	68

Notes:

(i) Being the spouse of Mr. Chum.

(ii) Being the son of Mr. Chum and Mrs. Chum.

Employees

During the six months ended 30 September 2010, the five highest paid individuals of the Group included 1 director (six months ended 30 September 2009: 1 director of the Company). The remuneration of the remaining 4 individuals (six months ended 30 September 2009: 4 individuals) for the periods are as follows:

	Six months ended 30 September	
	2010	2009
	HK$'000	HK$'000
		(unaudited)
Salaries and other allowances	**334**	313
Retirement benefit scheme contributions	**1**	1
	335	314

Note: The emolument of each of the above employees is below HK$1,000,000.

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

During both periods, no emoluments were paid by the Group to any of the directors of the Company 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 both periods.

11. DIVIDENDS

No dividend has been paid or declared by the Company since its date of incorporation.

The dividend recognised as distribution amounted to HK$140,000,000 during the six months ended 30 September 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 attributable to the owners of the Company for the periods are based on the following data:

	Six months ended 30 September	
	2010 **HK$'000**	2009 HK$'000 (unaudited)
Profit for the period attributable to owners of the Company	**42,005**	47,655
Weighted average number of ordinary shares for the purpose of basic earnings per share	**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 the period and the weighted average number of ordinary shares for the purpose of basic earnings per share assuming the capitalisation issue as disclosed in Appendix VI of the Prospectus occurred on the first day of the period, and the assumption that the Group Reorganisation had been effective on 1 April 2009.

No diluted earnings per share is presented for both periods as there were no potential ordinary shares in issue.

13. PROPERTY, PLANT AND EQUIPMENT

	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
At 1 April 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	—	121	—	—	31	—	152
Exchange realignment	155	183	5	12	7	—	362
At 30 September 2010	32,792	38,366	1,398	2,417	1,663	—	76,636
DEPRECIATION							
At 1 April 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	1,959	1,724	99	121	41	—	3,944
Exchange realignment	42	105	3	7	4	—	161
At 30 September 2010	10,512	23,541	858	1,591	1,355	—	37,857
CARRYING VALUES							
At 30 September 2010	22,280	14,825	540	826	308	—	38,779
At 31 March 2010	24,126	16,350	637	942	315	—	42,370

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%

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

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 "Temporary Structures"). The carrying value was approximately HK$9,135,000 and HK$10,598,000 as at 30 September 2010 and 31 March 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. However, the directors of the Company have the intention to relocate the Temporary Structures before May 2012. The depreciation charge of the Temporary Structures is accelerated and the Temporary Structures will be depreciated over the remaining useful lives to May 2012.

	As at 30 September 2010 HK$'000	As at 31 March 2010 HK$'000
The carrying value of properties shown above comprise:		
Situated on leasehold land under medium-term lease located in:		
— PRC	**21,948**	23,790
— Macau	**332**	336
	22,280	24,126

14. PREPAID LEASE PAYMENTS

	As at 30 September 2010 HK$'000	As at 31 March 2010 HK$'000
Prepaid lease payments comprise:		
Leasehold land under medium-term lease located in:		
— PRC	**6,371**	6,424
— Macau	**175**	191
	6,546	6,615
Analysed for reporting purposes as:		
Current assets	**198**	198
Non-current asset	**6,348**	6,417
	6,546	6,615

Prepaid lease payment is amortised over the term of the rights on a straight-line basis of 25 to 50 years for both periods.

15. INVENTORIES

	At 30 September 2010 HK$'000	At 31 March 2010 HK$'000
At cost:		
Raw materials	35,019	36,447
Work-in-progress	1,757	3,555
Finished goods	5,284	3,771
	42,060	43,773

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	At 30 September 2010 HK$'000	At 31 March 2010 HK$'000
Trade receivables	48,359	106,495
Bills receivables	27,137	14,223
Prepayments	3,360	3,057
Other receivables	2,222	979
	81,078	124,754

The Group generally allows an average credit period of 30 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 based on the invoice date at the end of the reporting period is as follows:

	At 30 September 2010 HK$'000	At 31 March 2010 HK$'000
Trade and bills receivables:		
0–30 days	53,808	27,141
31–60 days	16,986	29,274
61–90 days	4,702	64,303
	75,496	120,718

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

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 60 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. AMOUNT(S) 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:

Directors	**As at 30 September 2010 HK$'000**	As at 31 March 2010 HK$'000	As at 1 April 2009 HK$'000
Mr. Chum			
due within 1 year	**—**	155,933	50,145
due after 1 year	**—**	—	61,000
	—	155,933	111,145
Mrs. Chum			
due within 1 year	**—**	—	6,663
Total *(note a)*	**—**	155,933	117,808

The maximum amount outstanding during the six months ended 30 September 2010 and the year ended 31 March 2010, are summarised below:

Directors	**For the six months ended 30 September 2010 HK$'000**	For the year ended 31 March 2010 HK$'000
Mr. Chum	**171,372**	155,933
Mrs. Chum	**8,993**	8,445

17. AMOUNT(S) DUE FROM (TO) A DIRECTOR(S) *(Continued)*

(ii) Amounts due to directors

	At 30 September 2010 HK$'000	At 31 March 2010 HK$'000
Mr. Chum	**22,853**	100,285
Mrs. Chum	**—**	40
Total *(note b)*	**22,853**	100,325

Notes:

(a) The amounts arose from temporary fund transfers, which was non-trade in nature and had been fully settled during the six months ended 30 September 2010.

(b) The amounts arose from temporary fund transfer, which was non-trade in nature and had been fully settled in November 2010.

All above balances of the Group are denominated in the functional currencies of the relevant group entities.

18. BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 0.01% to 0.81% and 0.01% to 0.81% per annum at 30 September 2010 and 31 March 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 HK$'000	**HKD** HK$'000	**MOP** HK$'000
As at 30 September 2010	—	647	179
As at 31 March 2010	2,357	1,438	54

19. TRADE AND OTHER PAYABLES AND ACCRUALS

	At 30 September 2010 HK$'000	At 31 March 2010 HK$'000
Trade payables	43,251	51,393
Accruals	2,596	44
Other tax payables	614	2,760
Others	164	768
	46,625	54,965

The aged analysis of the Group's trade payable based on the invoice date at the end of the reporting period is as follows:

	At 30 September 2010 HK$'000	At 31 March 2010 HK$'000
0–30 days	20,095	18,644
31–60 days	5,157	17,870
61–90 days	10,711	14,879
Over 90 days	7,288	—
	43,251	51,393

The above trade and other payables of the Group are denominated in the functional currencies the relevant group entities.

20. SHARE/PAID UP CAPITAL

The Company was incorporated with an authorised 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 2010 represents the aggregate of the share and paid up capital of the subsidiaries comprising the Group prior to the Group Reorganisation.

The balance of share capital and paid-up capital at 30 September 2010 represents the aggregate of the share and paid up capital of the Company and the subsidiaries comprising the Group prior to the Group Reorganisation.

21. RETIREMENT BENEFIT PLANS

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 both periods, the Group entered into the following transactions with related parties:

Name of related party	Nature of transactions	Six months ended 30 September 2010 HK$'000	Six months ended 30 September 2009 HK$'000 (unaudited)
Mr. Chum	Deemed interest income	—	2,500
Speedy Fortune (Hong Kong) Limited *(note)*	Sales of goods	2,250	2,371

Note: Ms. Shirley Chum Sze Wing, being the daughter of Mr. Chum and Mrs. 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 both 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.

(ii) Related party balances

Details of outstanding balances with the related parties of the Group are set out in note 17.

22. RELATED PARTY DISCLOSURES *(Continued)*

(iii) Compensation of key management personnel

The remuneration of directors and other members of key management during the six months ended 30 September 2010 was as follows:

	Six months ended 30 September	
	2010	2009
	HK$'000	HK$'000
		(unaudited)
Short-term benefits	**403**	381
Post-employment benefits	**1**	1
	404	382

23. MAJOR NON-CASH TRANSACTION

During the six months ended 30 September 2010, the dividend distribution of HK$140,000,000 was settled through the balances with the directors.

24. EVENT AFTER THE REPORTING PERIOD

(1) In preparing for the Listing, the companies now comprising the Group underwent the Group Reorganisation to rationalise the group structure. As a result of the Group Reorganisation, the Company became the holding company of the Group on 24 December 2010. Details of the Group Reorganisation and other changes are set out in the paragraph "Corporate Reorganisation" in Appendix VI to the Prospectus.

(2) On 15 December 2010, the authorised share capital of the 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.

(3) On 13 January 2011, 160,000,000 shares of HK$0.01 each of the Company were issued at HK$1.95 by way of global offering as detailed in the Prospectus. On the same date, the Company's shares were listed on the Stock Exchange.

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE DIRECTORS OF NEWTREE GROUP HOLDINGS LIMITED
友川集團控股有限公司
(incorporated in the Cayman Islands with limited liability)

We have audited the financial statements of Newtree Group Holdings Limited (the "Company") set out on pages 58 to 64, which comprise the statement of financial position as at 30 September 2010, and the statement of comprehensive income and the statement of changes in equity for the period from 9 June 2010 (date of incorporation) to 30 September 2010, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and the true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 30 September 2010 and of its loss for the period from 9 June 2010 (date of incorporation) to 30 September 2010 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

28 January 2011

STATEMENT OF COMPREHENSIVE INCOME

For the period from 9 June 2010 (date of incorporation) to 30 September 2010

	Note	Period from 9 June 2010 (date of incorporation) to 30 September 2010 HK$'000
Administrative expense		(500)
Loss and total comprehensive expense for the period	4	(500)

STATEMENT OF FINANCIAL POSITION

At 30 September 2010

	Note	At 30 September 2010 HK$'000
CURRENT LIABILITY		
Accrual		500
NET CURRENT LIABILITY		(500)
CAPITAL AND RESERVE		
Share capital	5	—
Accumulated loss		(500)
		(500)

The financial statements on pages 58 to 64 were approved and authorised for issue by the Board of Directors on 28 January 2011 and are signed on its behalf by:

Chum Tung Hang
DIRECTOR

Chum Hon Sing
DIRECTOR

STATEMENT OF CHANGES IN EQUITY

For the period from 9 June 2010 (date of incorporation) to 30 September 2010

	Attributable to owners of the Company		
	Share capital HK$'000	Accumulated loss HK$'000	Total HK$'000
At the date of incorporation	—	—	—
Loss and total comprehensive expense for the period	—	(500)	(500)
At 30 September 2010	—	(500)	(500)

NOTES TO THE FINANCIAL STATEMENTS

For the period from 9 June 2010 (date of incorporation) to 30 September 2010

1. CORPORATE INFORMATION AND BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law Chapter 22 of the Cayman Islands on 9 June 2010. On 13 July 2010, 16 November 2010 and 7 December 2010, the name of the Company changed from Newtree Medical Enviro Material Holdings Ltd. to Newtree Medical Enviro Holdings Limited, to Newtree Clinical Consumables Holdings Limited, then to the existing name, respectively. Its shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 13 January 2011 (the "Listing"). The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company acts as an investment holding company.

Pursuant to a group reorganisation (the "Group Reorganisation") in preparation for the Listing, as more fully explained in the paragraph headed "Reorganisation" in the section headed "Corporate Reorganisation" in Appendix VI of the prospectus dated 31 December 2010 issued by the Company (the "Prospectus"), the Company became the holding company of Greenstar Enviro-Tech Investments Company Limited and its subsidiaries on 24 December 2010 (collectively referred to as the "Group").

The financial statements are presented in Hong Kong dollars ("HKD"), while the functional currency of the Company is United States dollars. The directors selected HKD as the presentation currency because the directors consider that presenting the financial statements in HKD is preferable when controlling and monitoring the performance and financial position of the Company.

No statement of cash flows has been prepared as the Company has no cash transactions for the period from 9 June 2010 (date of incorporation) to 30 September 2010.

The financial statements have been prepared on a going concern basis. Pursuant to the Listing, 160,000,000 shares of HK$0.01 each of the Company were issued at HK$1.95 by way of global offering as detailed in the Prospectus. The Company has sufficient funds to meet in full its financial obligations as they fall due within the next twelve months from the date of approval and authorisation of issuance of these financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purpose of preparing and presenting the financial statements for the period, the Company has consistently applied 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 accounting period beginning on or after 1 April 2010.

At the date of issue of these financial statements, the HKICPA has issued the following new or revised standards, amendments or interpretations which are not yet effective:

HKFRSs (Amendments)	Improvement in HKFRSs 2010[1]
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[3]
HKFRS 7 (Amendments)	Disclosures: Transfer of Financial Assets[3]
HKFRS 9	Financial Instruments[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (Revised)	Related Party Disclosures[6]
HK(IFRIC) — Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
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 July 2011.
[4] Effective for annual periods beginning on or after 1 January 2013.
[5] Effective for annual periods beginning on or after 1 January 2012.
[6] Effective for annual periods beginning on or after 1 January 2011.

The Company has not early adopted these new and revised standards, amendments or interpretations in the preparation of the financial statements.

The directors of the Company anticipate that the application of the new or revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on the historical cost basis, as explained in the accounting policies set out below which conform with HKFRSs.

In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange and by the Hong Kong Companies Ordinance.

Financial instruments

Equity

Equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted in respect of equity instruments are set out below.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. LOSS FOR THE PERIOD

	Period from 9 June 2010 (date of incorporation) to 30 September 2010 HK$'000
Loss for the period has been arrived at after charging:	
Directors' remuneration	—
Auditor's remuneration	500

5. SHARE CAPITAL

	Number of shares	Amount
		HK$
Ordinary shares of HK$0.01 each:		
Authorised:		
On incorporation and as at 30 September 2010	39,000,000	390,000
Issued and fully paid:		
Allotted and issued at nil paid on the date of incorporation and at 30 September 2010	1	0.01

	HK$'000
Shown in the financial statements	
As at 30 September 2010	—

The Company was incorporated with an authorised 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 Tung Hang, a director of the Company.

6. EVENTS AFTER THE REPORTING PERIOD

(1) In preparing for the Listing, the companies now comprising the Group underwent the Group Reorganisation to rationalise the group structure. As a result of the Group Reorganisation, the Company became the holding company of the Group on 24 December 2010. Details of the Group Reorganisation and other changes are set out in the paragraph "Corporate Reorganisation" in Appendix VI to the Prospectus.

(2) On 15 December 2010, the authorised share capital of the 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.

(3) On 13 January 2011, 160,000,000 shares of HK$0.01 each of the Company were issued at HK$1.95 by way of global offering as detailed in the Prospectus. On the same date, the Company's shares were listed on the Stock Exchange.