

Notes:

1. Principal accounting policies

These unaudited consolidated condensed interim accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25, "interim financial reporting", issued by the Hong Kong Society of Accountants.

These condensed interim accounts should be read in conjunction with the 2000 annual accounts.

The accounting policies and methods of computation used in the preparation of these condensed interim accounts are consistent with those used in the annual accounts for the year ended 31 December 2000 except that the Group has changed certain of its accounting policies following its adoption of the following SSAPs issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1 January 2001.

The significant changes in the Group's accounting policies resulting from the adoption of the new policies are set out below:

(a) SSAP 9(revised): Event after balance sheet date

In accordance with the SSAP 9 (revised), the Group no longer recognises dividends proposed or declared after the balance sheet date as a liability at the balance sheet date. This change in accounting policy has been applied retrospectively so that the comparative figures presented have been restated to conform to the changed policy.

This adjustment has resulted in a decrease in current liabilities at 30 June 2001 by HK\$99,531,000 (31 December 2000: HK\$79,627,000) for the provision of the proposed dividend that is no longer required.

(b) SSAP 26: Segment reporting

In Note 2 to these condensed interim accounts the Group has disclosed segment revenue and results as defined under SSAP 26. In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format. Comparative information has been given.

2. Turnover and segmental information

(a) An analysis of the Group's turnover and contribution to the operating profit by business segments is as follows:—

	2001		2000	
	Turnover HK\$'000	Contribution to operating profit HK\$'000	Turnover HK\$'000	Contribution to operating profit HK\$'000
Sanitary napkins and disposable diapers	551,321	111,458	518,483	116,658
Hygiene materials and others	57,174	8,565	35,326	11,705
	<u>608,495</u>	<u>120,023</u>	<u>553,809</u>	<u>128,363</u>
Unallocated corporate expenses		(5,352)		(5,539)
Interest income		9,270		13,813
Operating profit		<u>123,941</u>		<u>136,637</u>

(b) The geographical segments of the Group's turnover is as follows:—

	Unaudited For the six months ended 30 June	
	2001 HK\$'000	2000 HK\$'000
The PRC	606,088	552,748
Overseas	2,407	1,061
	<u>608,495</u>	<u>553,809</u>

No analysis of the contribution to operating profit by geographical location has been presented as the ratio of profit to turnover is substantially the same.

3. Operating profit

The operating profit is stated after charging depreciation for owned fixed assets of HK\$29,953,000 (2000: HK\$25,893,000).

4. Taxation

(a) Taxation during the period represented PRC income tax charges on the assessable profits of the PRC subsidiaries of the Group.

(b) No provision for Hong Kong profits tax has been made in the accounts as the Group has no assessable profits in Hong Kong during the period.

5. Interim dividend

Proposed interim dividend of HK10 cents per share (2000: HK10 cents)

Unaudited
For the six months ended 30 June

	2001	2000
	HK\$'000	HK\$'000
	99,531	99,531
	<u><u> </u></u>	<u><u> </u></u>

6. Earnings per share

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$114,014,000 (2000: HK\$129,156,000) and 995,312,000 shares in issue (2000: 1,002,310,000 shares) during the period. There is no diluted earnings per share since the Company has no dilutive potential ordinary shares.

7. Fixed assets — net book value

At 1 January 2001
Exchange adjustment
Additions at cost
Transfer from construction-in-progress
Disposals/write-off
Depreciation for the period

At 30 June 2001

Unaudited

HK\$'000

656,865
122
9,956
50,258
(475)
(29,953)

686,773

8. Trade receivables

The majority of the Group's sales is on open accounts with credit term of 60 days:

Current
31 - 180 days

	Unaudited	
	At 30 June 2001	At 31 December 2000
	HK\$'000	HK\$'000
	35,079	49,762
	52,039	46,630
	<u><u>87,118</u></u>	<u><u>96,392</u></u>

At 31 December 2000

HK\$'000

49,762

46,630

96,392

9. Trade payables

Current
31 - 180 days
Over 181 days

	Unaudited	
	At 30 June 2001	At 31 December 2000
	HK\$'000	HK\$'000
	43,035	35,287
	28,345	27,928
	6,406	1,680
	<u><u>7,786</u></u>	<u><u>4,895</u></u>

At 31 December 2000

HK\$'000

35,287

27,928

1,680

4,895

10. Reserves

	Share premium account <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Unaudited Property revaluation reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2000 as previously reported	639,541	517,705	1,107	50,896	72,127	13,229	129,885	1,424,490
Effect of adopting SSAP 9 (revised)	—	—	—	—	—	—	100,231	100,231
At 1 January 2000 as restated	639,541	517,705	1,107	50,896	72,127	13,229	230,116	1,524,721
1999 final dividend paid	—	—	—	—	—	—	(100,231)	(100,231)
Transfer to capital redemption reserve	—	—	700	—	—	—	(700)	—
Premium on shares repurchased	(14,233)	—	—	—	—	—	—	(14,233)
Appropriation to statutory reserve	—	—	—	—	19,869	—	(19,869)	—
Profit attributable to shareholders	—	—	—	—	—	—	209,160	209,160
Translation of PRC subsidiaries' accounts	—	—	—	—	—	2,189	—	2,189
2000 interim dividend paid	—	—	—	—	—	—	(99,531)	(99,531)
At 31 December 2000 as restated	<u>625,308</u>	<u>517,705</u>	<u>1,807</u>	<u>50,896</u>	<u>91,996</u>	<u>15,418</u>	<u>218,945</u>	<u>1,522,075</u>
At 31 December 2000 as previously reported	625,308	517,705	1,807	50,896	91,996	15,418	139,320	1,442,450
Effect of adopting SSAP9 (revised)	—	—	—	—	—	—	79,625	79,625
At 31 December 2000 as restated	625,308	517,705	1,807	50,896	91,996	15,418	218,945	1,522,075
Profit attributable to shareholders	—	—	—	—	—	—	114,014	114,014
Appropriation to statutory reserves	—	—	—	—	9,317	—	(9,317)	—
2000 final dividend paid	—	—	—	—	—	—	(79,625)	(79,625)
Translation of PRC subsidiaries' accounts	—	—	—	—	—	(827)	—	(827)
At 30 June 2001	<u>625,308</u>	<u>517,705</u>	<u>1,807</u>	<u>50,896</u>	<u>101,313</u>	<u>14,591</u>	<u>244,017</u>	<u>1,555,637</u>

11. Commitments

(a) Capital commitments

Contracted but not provided for in respect of
Plant, machinery and equipment
Land and buildings

Unaudited At 30 June 2001 HK\$'000	Audited At 31 December 2000 HK\$'000
16,291	23,738
4,495	3,428
<u>20,786</u>	<u>27,166</u>

(b) Commitments under operating leases

At 30 June 2001, the Group had total future minimum lease payments under non-cancellable operating leases in respect of land and buildings and factory premises as set out below:

Within one year
In the second to fifth year inclusive
Over five years

Unaudited At 30 June 2001 HK\$'000	Restated At 31 December 2000 HK\$'000
3,966	4,048
9,536	6,939
2,412	3,615
<u>15,914</u>	<u>14,602</u>

12. Contingent liabilities

There was no material contingent liabilities as at 30 June 2001 and 31 December 2000.

13. Related party transactions

During the period, the Group entered into the following transactions with companies controlled by executive directors of the Company, except for Mr. Poon Fuk Chuen.

	Unaudited	
	For the six months ended 30 June	
	2001	2000
	HK\$'000	HK\$'000
Purchase of raw materials	8,903	9,800
Commission income received	3,471	1,995