

## MARKET REVIEW

Entering into the 21st Century the demand for disposable paper products in the PRC is still on the rise. However, from the market standpoint, similar to other consumer products, competition of disposable paper products are more on quality and branding.

The sanitary napkin market in the PRC has become matured and the market is slowing down from its double-digit growth in the past. Market competition is fierce and in order to stay competitive, product quality upgrade; introduction of new technology and cost reduction are the focus areas to work on. Consumers in the first-tier and more affluent cities are brand aware while consumers in the smaller cities and rural areas are conscious on prices. The supply of sanitary napkins has exceeded demand in most parts of China.

In the wake of improving living standard in the PRC, demand for higher quality sanitary napkins and personal hygiene products are on the rise and hence increase in sales of mid to higher-end sanitary napkins are more apparent. Similarly, market for daily-use products like pantliners is growing considerably and sales grew satisfactorily over the period.

As household income and the number of young couples are increasing, the baby diapers market in the PRC is expanding tremendously and demand is increasing steadily.