

## **BUSINESS REVIEW**

Turnover of the Group for the six months ended 30 June 2001 amounted to HK\$608,495,000, representing an increase of HK\$54,686,000 or 9.9% over the same period last year. Profit attributable to shareholders amounted to HK\$114,014,000, representing a decrease of 11.7% over the same period last year. Earnings per share were HK11.5 cents (2000: HK12.9 cents). The increase in sales revenue over the period was primarily a result of the sales growth from baby diapers and baby napkins and sales of other hygiene materials. The average gross profit margin was approximately 37.6% (2000: 39.3%). The relatively low gross profit margin in the period under review was mainly because the production cost was still being affected by last year's dramatic increase in the price of fluff pulp, the principal raw materials.

### **Feminine Hygiene Products**

During the period under review, sanitary napkins including pantliners remained the principal products of the Group that accounted for 71% of the total sales (2000: 79%). Increase in sales of pantliners during the period was offset by the prolonged fall in sales of ordinary napkins. Overall sales remained largely the same.

Sales of "Anerle" winged sanitary napkins remained flat while sales of pantliners recorded a growth of 28% over the same period last year.

Affected by smaller local manufacturers, sales of ordinary sanitary napkins continued to decline.

The Group's anti-microbacterial technology developed last year has been widely applied to most of our products to further enhance our overall product quality.

The "Aner" series of feminine cleansing lotion and spray have been gradually launched into the market and has started gaining acceptance.

### **Diapers Business**

Sales of baby diapers and baby napkins increased significantly during the period under review. Turnover increased to HK\$118,025,000, representing an increase of 48% over the same period last year. The growth was mainly attributable to the increased production capacity and the rapid increase in market penetration.

Market for adult diapers in the PRC is yet to be developed and sales recorded during the period was merely HK\$3,420,000.

### **Distribution Business**

During the period under review, the Group continued to act as a distributor for a tissue paper manufacturer and benefit from its sales growth, the Group recorded HK\$3,471,000 of distribution commission (2000: HK\$1,900,000).