



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 and should be read in conjunction with the 2001 annual accounts.

The accounting policies and methods of calculation used in the preparation of these unaudited condensed accounts are consistent with those used in the annual accounts for the year ended 31 December 2001 except that the Group has changed certain of its accounting policies following its adoption of the following SSAPs which are relevant to the Group and effective for accounting periods commencing on or after 1 January 2002:

SSAP 1 (revised):	Presentation of financial statements
SSAP 11 (revised):	Foreign currency translation
SSAP 15 (revised):	Cash flow statements
SSAP 25 (revised):	Interim financial reporting
SSAP 34:	Employee benefits

The changes to the Group’s accounting policies and the effect of adopting these new and revised standards is set out below.

### **SSAP 11 (revised): Foreign currency translation**

The balance sheet of the Company’s subsidiaries expressed in Renminbi and foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss account is translated at an average rate. Exchange differences arising are dealt with as a movement in reserves.

In prior periods, the profit and loss account of subsidiaries was translated at closing rate. This is a change in accounting policy, however, the translation of the profit and loss account of subsidiaries in prior periods has not been restated as the effect of this change is not material to the current and prior periods.

The adoption of the other new and revised standards has no material effect on the Group’s condensed interim accounts other than presentational changes. Certain comparative figures have been reclassified to conform with the current period’s presentation.



## 2. Segment information

### (a) Business segment analysis

	<b>Unaudited</b>					
	<b>For the six months</b>					
	<b>ended 30 June</b>					
	2002			2001		
	<b>Sanitary</b>	<b>Hygiene</b>	<b>Group</b>	<b>Sanitary</b>	<b>Hygiene</b>	<b>Group</b>
	<b>napkins and</b>	<b>materials and</b>		<b>napkins and</b>	<b>materials and</b>	
	<b>disposable</b>	<b>others</b>		<b>disposable</b>	<b>others</b>	
	<b>diapers</b>	<b>diapers</b>	<b>Group</b>	<b>diapers</b>	<b>diapers</b>	<b>Group</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Total turnover	526,993	36,082	563,075	551,324	75,621	626,945
Inter-segment sales	(93)	(14,542)	(14,635)	(3)	(18,447)	(18,450)
Segment turnover	<u>526,900</u>	<u>21,540</u>	<u>548,440</u>	<u>551,321</u>	<u>57,174</u>	<u>608,495</u>
Segment results	<u>99,836</u>	<u>818</u>	<u>100,654</u>	<u>111,458</u>	<u>8,565</u>	<u>120,023</u>
Unallocated costs			(5,620)			(5,352)
Operating profit			95,034			114,671
Interest income			6,123			9,270
Finance costs			(62)			(136)
Profit before taxation			101,095			123,805
Taxation			(10,287)			(8,735)
Profit after taxation			90,808			115,070
Minority interests			(944)			(1,056)
Profit attributable to shareholders			<u>89,864</u>			<u>114,014</u>

- (b) No geographical analysis is provided as less than 10% of the Group's turnover and less than 10% of the consolidated trading results of the Group are attributable to markets outside the PRC.



### 3. Operating profit

The operating profit is stated after charging depreciation for owned fixed assets of HK\$34,038,000 (2001: HK\$29,953,000).

### 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 (2001: Nil).

### 5. Interim dividend

**Unaudited**  
**For the six months ended 30 June**

	2002 HK\$'000	2001 HK\$'000
Proposed interim dividend of HK8 cents per share (2001: HK10 cents)	<u>79,625</u>	<u>99,531</u>

### 6. Earnings per share

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$89,864,000 (2001: HK\$114,014,000) and 995,312,000 shares (2001: 995,312,000 shares) in issue during the period.

There is no diluted earnings per share since the Company has no potential dilutive ordinary shares.

### 7. Fixed assets — net book value

	<b>Unaudited</b> HK\$'000
At 1 January 2002	711,745
Additions at cost	5,565
Transfer from construction-in-progress	27,261
Disposals/write-off	(975)
Depreciation for the period	<u>(34,038)</u>
At 30 June 2002	<u>709,558</u>



## 8. Trade receivables

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

	<b>Unaudited</b>	Audited
	<b>As at 30 June</b>	As at 31 December
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Current	<b>36,092</b>	39,692
31 - 180 days	<b>43,639</b>	44,217
181 - 365 days	<b>2,430</b>	7,531
	<u><b>82,161</b></u>	<u>91,440</u>

## 9. Trade payables

	<b>Unaudited</b>	Audited
	<b>As at 30 June</b>	As at 31 December
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Current	<b>36,707</b>	45,848
31 - 180 days	<b>24,900</b>	38,707
181 - 365 days	<b>2,612</b>	12,190
	<u><b>64,219</b></u>	<u>96,745</u>

## 10. Commitments

### (a) Capital commitments

	<b>Unaudited</b>	Audited
	<b>As at 30 June</b>	As at 31 December
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Contracted but not provided for in respect of		
Plant, machinery and equipment	<b>22,260</b>	2,356
Land and buildings	<b>500</b>	500
	<u><b>22,760</b></u>	<u>2,856</u>



**(b) Commitments under operating leases**

At 30 June 2002, 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:

	<b>Unaudited</b> <b>As at 30 June</b> <b>2002</b> <b>HK\$'000</b>	Audited As at 31 December 2001 HK\$'000
Within one year	<b>4,910</b>	5,170
In the second to fifth year inclusive	<b>10,850</b>	11,620
After the fifth year	<b>7,760</b>	7,300
	<hr/> <b>23,520</b> <hr/> <hr/>	<hr/> <b>24,090</b> <hr/> <hr/>

**11. Contingent liabilities**

There were no material contingent liabilities as at 30 June 2002 and 31 December 2001.

**12. Related party transactions**

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

	<b>Unaudited</b> <b>For the six months ended 30 June</b>	
	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
Purchase of raw materials	<b>5,107</b>	8,903
Commission income received	<b>7,663</b>	3,471