



OUTLOOK FOR THE SECOND HALF OF 2002

The fast changing market environment requires timely responses to satisfy the market needs. The Group will continue strengthening its marketing and new product development processes so as to bring to the market more products in the shortest time possible. A number of new products, including the all-cotton pantiliner and the ultra thin “Anle” sanitary napkin series will be launched into the market in the second half of this year.

As a consumer product enterprise, the Group recognizes the importance of product image and brand building and maintenance. To achieve this, a number of changes will be made to the design of the packaging of the Group’s products and advertisements.

The Group will continue improving its operating efficiency to keep its costs down that will lead to higher profitability.

The Group will also continue expanding its existing distribution network to cover more regions while building up and strengthening relationship with chain stores and supermarkets to increase sales through the modern channel.

The Group is optimistic about the disposable paper products market in China and is confident that sales of the Group will improve in the second half of 2002.