



恒安國際集團有限公司

HENGAN INTERNATIONAL GROUP COMPANY LIMITED

Corporate
Presentation
企業推介 2003

Agenda

- Financial Highlights
- Business Review
- Outlook for 2004
- About the Transaction
- Open Forum



Financial Highlights



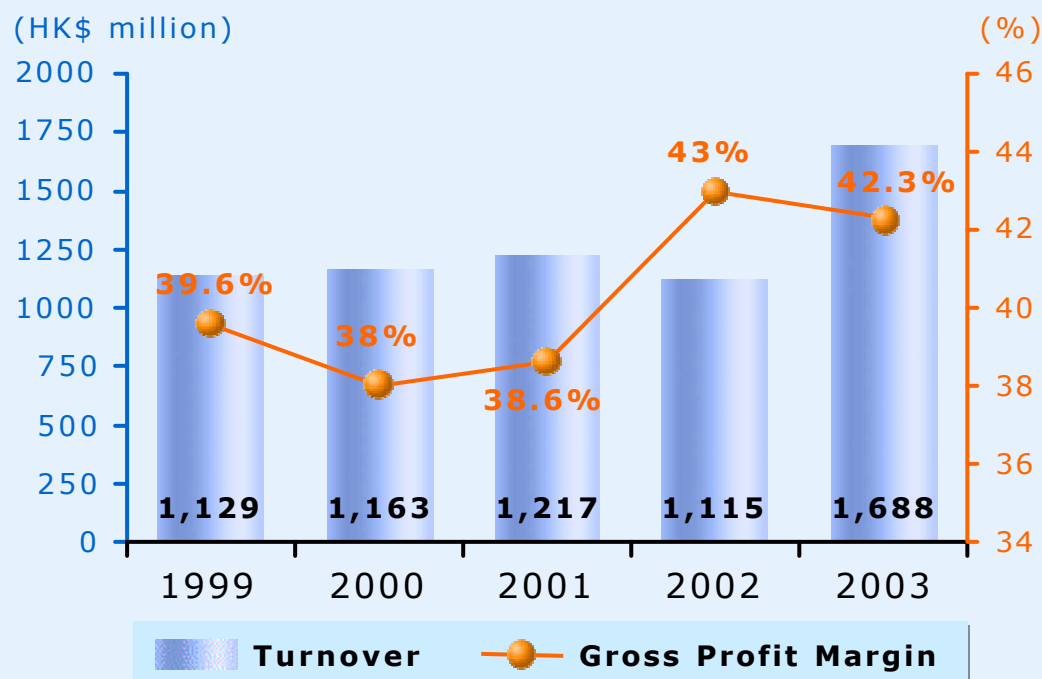
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2003 Annual Results

<i>(HK\$ '000)</i>	2003	2002	Change (%)
<u>Turnover</u>	1,688,512	1,115,404	+51.4
<u>Cost of Sales</u>	(974,608)	(635,808)	+53.3
<u>Gross Profit</u>	713,904	479,596	+48.9
<u>Operating Profit</u>	334,753	220,248	+51.9
<u>Net Profit</u>	254,988	199,710	+27.7
<u>Dividend</u>			
- Interim	10 cents	8 cents	+25
- Final	12 cents	10 cents	+20

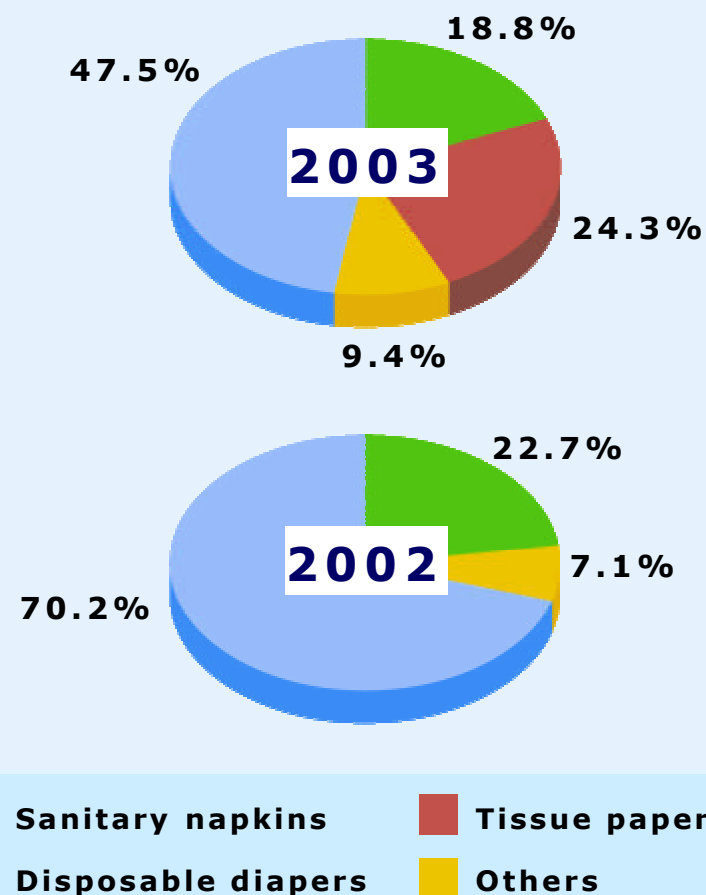


Growing Turnover



- Robust growth of tissue paper and paper diapers
- Additional revenue from the sales of "MissMay" products

Turnover by Products



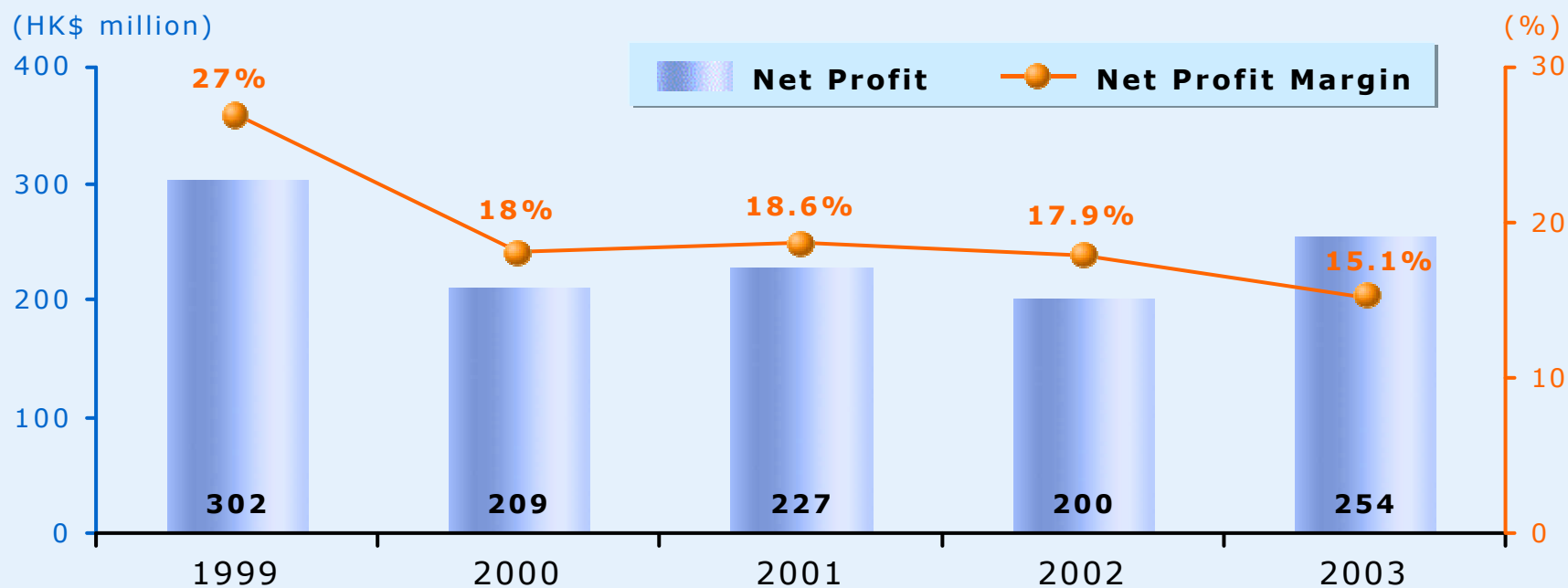
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Turnover Breakdown by Products

<i>Year ended 31 Dec (HK\$million)</i>	2003	2002	Change (%)
Sanitary Napkins	649	650	-
Pantiliners	153	133	+15
Baby Diapers	318	253	+26
Tissues	410	N/A	N/A
Skincare Products	74	17	+435
Others	84	62	+35



Prominent Profit Growth

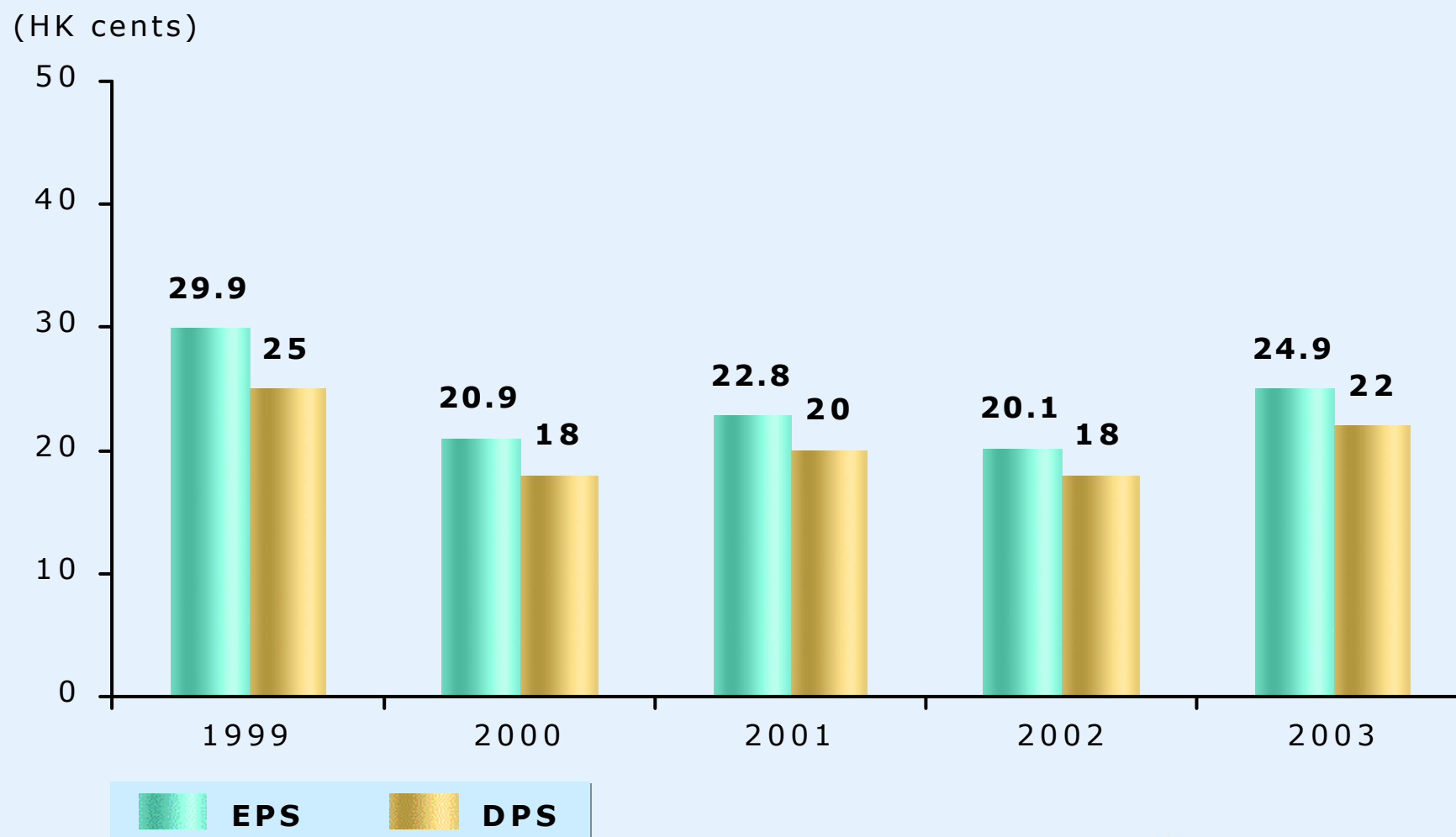


- Broader revenue base
- More effective supply chain management and logistics arrangement
- Stringent cost control



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EPS & DPS



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Key Figures

As at 31 December

<i>(HK\$)</i>	2003	2002
Cash on Hand	644m	710m
Finished Goods Turnover	63 days	72 days
Accounts Receivable Turnover	30 days	28 days
Current Ratio	2.0 times	7.5 times
Gearing Ratio	16.7%	Nil





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Business Review



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Multi Brandnames Strategies

Categories	Products	Brandname
Sanitary Napkin		安樂
Sanitary Napkin		安爾樂
Sanitary Napkin		七度空间
Baby Diapers		安儿乐
Adult Diapers		安而康 ElderJoy
Skincare & Cleansing		美媛春 MISSMAY
Tissues		相印 柔影
Pharmaceutical (HK)		Banitore® 便利安® Bandi® 便利通® Enema

Sanitary Napkins

- Market growth is slow and competition remains keen
- Sanitary napkin sales remains flat

- Winged and health care series increased significantly



- “Anerle” sanitary napkins targets to mid to high-end market
- Launched “嬌適安心” series and received favourable response



- Launched “Anle” pantliners to raise market shares



Sales of Pantliners recorded 15% increase year on year



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Disposable Baby Diapers

- Strong market demand in disposable baby diapers
- Ameliorated diapers' quality to establish solid brand recognition
- Flexible pricing strategies to maintain competitiveness



Launched "Slim and comfort" and new dry and breathable, received overwhelming response from the market



Strengthened export businesses

Turnover increased by 25.6% to HK\$319M,
representing 19% of the Group's turnover



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Tissue Paper Products

- Sales grew 61% to HK\$634million
- Major growth driver of the Group in 2003
- Raw material production lines operated in full capacity
- Launched wet tissue series
- Building two tissue paper raw material production bases in Shangdong and Fujian provinces



Wet tissue



Bathroom
tissue



Paper
napkins



Facial tissue



Handkerchiefs



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Skin Care Products

- Promoted "Missmay" as a nationwide brand
- Focused on promoting popular products
- Sales increased to HK\$74million



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Nationwide Distribution Network

- Better manage and utilize our nationwide distribution network

Traditional sales channel

- Continue to enhance existing network
- Establish sample store in small towns

Modern sales channel

- Consolidate key Accounts strategies
- Cooperate with selected influential regional hypermarkets



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Outlook for 2004



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Outlook for 2004

Market

- Chinese economy will continue to grow, different cities will experience various level of development
- Demand for consumer goods will increase

Plans and strategies

- New product design and packaging
- Optimize the processes from design to sales
- Brand and image building
- Seek more products or brands that utilize our network
- Further develop overseas markets



Mission

**China's leading domestic
corporation in family &
personal hygiene products**



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About the Transaction



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Acquisition Details

Hengan to acquire 31.1% in Changde Hengan and 25% in each of its operating subsidiaries
Following completion, Changde Hengan and its subsidiaries become wholly-owned by the Group

Purchase consideration: HK\$ 368,093,000

Way of Settlement:

- 50% by cash: HK\$ 184,043,450
- 50% by way of the allotment and issue of an aggregate of 40,899,900 consideration shares at an issue price of HK\$4.5 per share, representing 3.8% of the enlarged issued share capital



Reasons of the Acquisitions

- To capture the strong growth potential of high-end tissue paper business in the PRC
- Further enlarge the Group's earning base
- Improve operation efficiency and control of the Group and better use of resources
- Eliminate existing connected transactions between the Company and Hearttex Group