



### THE MARKET

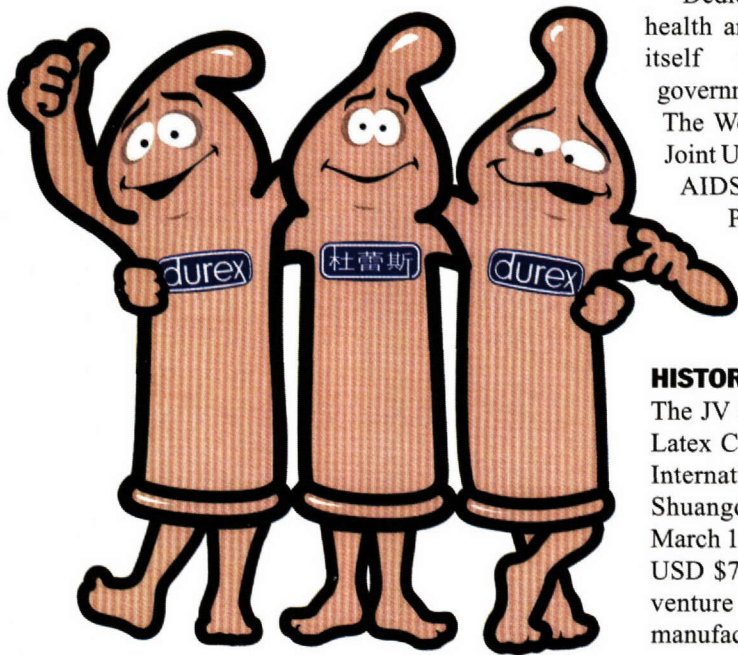
Although birth control is the basic policy of the Chinese Government, during the period that Durex entered the Chinese Market, the popular contraception methods used in China was not ideal. Most females adapt intrauterine devices, which conducted a high morbidity rate of entopic

share in the global condom market (overall 40 billion), making it the undisputed leader.

Registered in 1929, with over 75 years experiences, Durex has invested continuously in research and development, keeping its products always at the forefront of durability, reliability and quality. Nowadays Durex is undoubtedly seen as a super brand and healthcare expert.

also the seventh global Durex manufacturing partner.

From 1994 to 1999, all Durex products had to be imported into the Chinese market until the joint venture company was founded in 1999. There is a staff of more than 200 working in Qingdao London International Latex Co Ltd, producing Durex condoms and other products. This joint venture company is an independent entity whilst SSL International Group centralizes its quality control.



Dedicated to the promotion of sex health and education, Durex partners itself with healthcare experts, governments and organizations such as The World Health Organization, The Joint United Nations Program on HIV/AIDS and The United Nations Population Fund for the use of condoms against AIDS and other sexually transmitted diseases.

### THE PRODUCT

Durex condoms are manufactured under some of the most stringent and exacting quality controls placed in any industry: GB7544-1999 "Product standard" GB15979-2002 "Health standard"

The procedures that Durex takes are as follows:

- 1) Durex condoms are made from the finest quality natural latex, but before the latex reaches the manufacturing plant, it undergoes comprehensive quality control tests to ensure that it conforms to SSL International quality standards. Once the latex passes quality control tests, stabilizers, preservatives and vulcanizing agents are added, and then the latex is checked again for the quality and

### HISTORY

The JV Qingdao London International Latex Co Ltd was co-founded by SSL International Group and Qingdao Shuangdie Group Stock Co Ltd in March 1998, with an invested capital of USD \$7.9 million. It is the first joint venture company in the condom manufacturing industry in China and is

pregnancies. In many ways Durex is regarded as a leader in terms of bringing the concept of wide spread use of contraception to the Chinese people. Since 1999 Durex products are sold in China through a joint venture with Qingdao London International Latex Co Ltd, a company co-founded by SSL International (the owner of the Durex brand) and Qingdao Shuangdie Group Stock Co Ltd. Durex's brand image is dedicated in venereal disease prevention and public health.

### ACHIEVEMENTS

The brand "Durex" is owned by SSL International Group, which was integrated by Seton Scholl Healthcare and London International in 1999. SSL International owns a number of world-famous brands including Durex, Scholl and Marigold.

SSL International is most famous for its Durex brand condoms which are sold in more than 150 countries. Durex is also the market leader in more than 40 countries. Durex occupies 26% market



consistency. This process is known as "compounding".

2) The next stage in manufacture is "dipping". The compound latex is fed into temperature-controlled tanks into which a production line of glass formers is dipped. As the formers pass gently through the tanks, they pick up an almost invisible layer of latex film. The latex coating is then dried using filtered air to prevent atmospheric contamination. After drying, the glass formers are dipped once more and dried again.

3) Each Durex condom must pass the electric condom test and the transect expandability test to ensure the quality. The most impressive test should be the burst test - injecting air into the condom till burst, normally every Durex condom could contain around 40 liters air before bursting (equals to 8 gallon water), which is beyond the ISO 4074:2002 requirement already. In addition the statistic result of the leaking test and color durability test also exceed the international standard.

4) Before Durex condoms are packaged and dispatched from the factory, they must pass a final strict examination, and only those qualified products would be able to leave the factory. The same set of working procedures is in place for every product that is manufactured in any Durex factory around the world, to ensure and maintain superior, durable and quality condoms.

The stringent standard is the key to the success of Durex. For products like condoms, quality is the most important measurement, therefore Durex always put great efforts into making sure every individual condom is qualified.

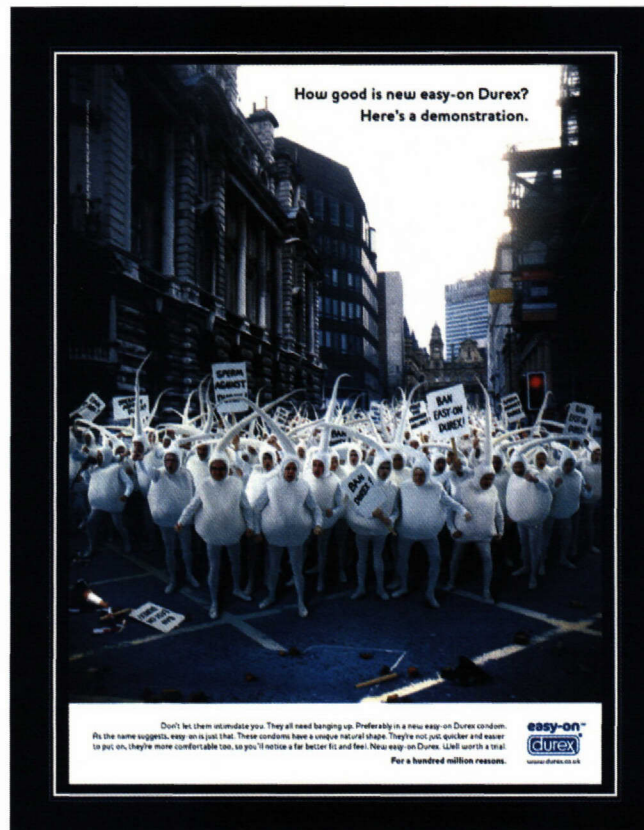
Qingdao London International Latex Co Ltd had awarded following certifications:  
ISO9001 2000 quality control system  
ISO13488: quality control system of medical facility

CCC State Mandatory Products Authentication

### RECENT DEVELOPMENTS

Over recent years, SSL International has annually invested an average of more than £13 million on research and development. Recently Durex is digging into the entertainment function of condoms and as a result of its research effort, launched new types of condoms containing benzocain, which prolongs erectile duration; and the specially designed easy-on condom which offers more convenience and comfort. The entertainment function of condoms is being given more and more attention by both Durex and its consumers. As one of the world famous elite brand, Durex keeps seeking for various solutions to improve the quality of people's sex life.

Durex products represent new solutions for China's fight against AIDS and sexually

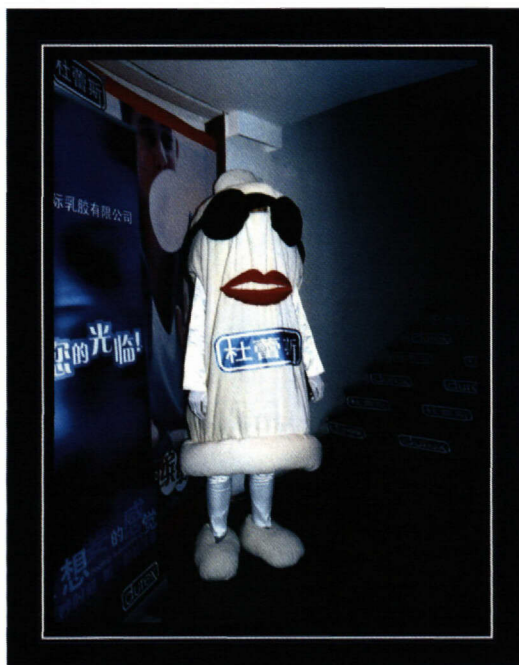


Prevention and Control Center signed a Cooperative Program for Publicity and Education Against AIDS in 2003. Durex invested 4.5 million RMB and launched a three-year campaign offering education on the prevention of AIDS, aimed at clinics, hospitals and China's 1.3 billion people. The campaign uses posters, seminars, press conferences, TV, public meetings and advertisements, as well as distribution of free condoms.

### BRAND VALUES

Durex is one of the world's most recognized brands. Around the globe, the word Durex has entered lexicons as a generic term for condom.

Over the past six years, Qingdao London International has worked to introduce the world's premier condom to the world's most populous nation. Constant innovation, reliability and quality have made that work successful, and Durex has now secured a position in the minds of Chinese consumers as an elite brand.



transmitted diseases (STD). Qingdao London is planning further cooperation with mainland authorities to educate Chinese people about AIDS and support Chinese family planning. At the same time, Durex also pays more attention on HIV infectors and offers more support to them.

### PROMOTION

The Durex.com website acts as a communication bridge with young people around the world, offering information in many languages regarding safe sex and offering advice from sex healthcare experts. The website has more than 52 localized "sub-web" to support on-line communication.

According to the Chinese Ministry of Health statistics, the incidence of HIV/AIDS in China exceeded one million by the end of 2002. In order to assist the Ministry of Health in activities combating the spread of AIDS, Qingdao London International Latex and the China Disease

### THINGS YOU DIDN'T KNOW ABOUT DUREX

- Durex brand has been responsible for a long list of innovations and technological developments of modern condoms including:
  - The first electronic condom testing machines
  - The first lubricated condom
  - The first non-rubber condom
  - Durex launched its selection of colored and flavored condoms
  - The first "easy on" condom
  - Durex introduced condoms containing benzocain, prolonging erectile duration