

CHAIRMAN'S STATEMENT



The new over 12,000 square meters factory building and logistic centre next to the existing facilities is expected to be completed in April of 2002.

BUSINESS REVIEW

Turnover for the year ended 31 December 2001 was HK\$341.04 million, representing an increase of HK\$152.31 million or 80.70% as compared to that of HK\$188.73 million for the preceding year. The increase in the Group's turnover was mainly attributable to the growing demand for the Group's products, new products launched and the success of the marketing and promotional activities by the Group. Net profit attributable to the shareholders was HK\$83.18 million for the year ended 31 December 2001, representing an increase of approximately 52.53% or HK\$28.65 million.

CHAIRMAN'S STATEMENT *(cont'd)*

DIVIDEND

The Board of Directors recommends the payment of a final dividend of HK5 cents per ordinary share for the year ended 31 December 2001. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting, the final dividend will be payable on 7 May 2002.

PROSPECTS

With the anticipated strong economic growth, the improvement in living standards and enlarging of the phosphorus-free area in the PRC, the Directors are of the view that the solid growth in the Group's principal products, namely home and personal care products and industrial surfactants will continue. The success of the Group in its principal business provided a strong foundation for diversification of its business. The Group has entered into biotechnology business in 2001.

The Group intends to devote more resources in research and development in biotechnology. The Group is in the process of consolidating its research and development efforts and a new R&D base has been set up in Dongguan. In view of the potential of the biotech products, the Group will focus its research and development efforts to commercialise projects on hand and projects under review in pharmaceutical and industrial applications.

With the growing concern on pollution and various government initiatives on environmental protection, waste management is an area that will pose a lot of opportunities. The Group will continue its effort to explore this high growth industry.

It is the Group's strategy to invest in projects that will improve the environment and the health of the consumers.

CHAIRMAN'S STATEMENT *(cont'd)*

I. Home and Personal Care Products

The Group has established a strong foothold in the home and personal care products market in the PRC. Strong demand for the Group's products is evidenced by the huge backlog of orders. Additional investment in expanding the production capacity significantly has been made. Full-scale commercial production of the new facilities is planned for the second half of 2002.

The Group will expand its distribution networks by increasing the number of appointed distributors and agents to better target customers in assigned region in the mainland China. Further new products will be launched to complement the existing line of products.

With the PRC government policy to gradually enlarging the phosphorus-free area to phase out phosphorus products, it is anticipated that the Group's sales of phosphorus-free home and personal care products will continue to increase.

II. Industrial Surfactants

The PRC remains the Group's largest market for future development. With China's entry into the WTO and the relaxation of US and European quota restrictions on the PRC's textile products, demand for industrial surfactants from domestic textile and garment manufacturers is expected to increase significantly. As one of the largest industrial surfactants suppliers in the PRC, the Group will stand to benefit from the anticipated significant increase in demand. In addition, the Group will also launch other chemical products required by these textile and garment manufacturers.

Additional investment in expanding the production capacity significantly has been made. Trial production of the new production line is taking place and full-scale commercial production will be in April 2002.

CHAIRMAN'S STATEMENT (cont'd)

III. Biotechnology

i) Skin and Health Care Products

The Group has successfully commercialised the application of rhEGF into cosmetics and skin care products. The market response to *Marjorie Bertagne* has been encouraging. In addition to expanding the Group's own retail outlets in Hong Kong, it is planned that consignment counters at department stores will be set up. 25 new items will be launched to complement its existing product lines. Following the establishment in Hong Kong, the Group plans to launch the *Marjorie Bertagne* products in the PRC in May 2002.

rhEGF is known to have other important pharmaceutical applications including treatment of ulcer and diabetics. The Group will continue its research efforts to commercialise such applications.

The Group has obtained the technology by way of licensing arrangement in producing 2 new pharmaceutical products. The Group is in the process of obtaining licenses for production.



Global Green installs fully automatic computerised GMP Standard production line with the latest state-of-the-art equipment from Italy.

CHAIRMAN'S STATEMENT *(cont'd)*

ii) Industrial Enzymes

With the technology developed by the HKU, the production cost of the industrial enzymes will be substantially reduced. The Group current sources large quantities of industrial enzymes from outside parties for the production of home and personal care products. The application of the enzymes in the Group's home and personal care products is expected to result in substantial costs savings thereby, increasing the gross margins. The industrial enzymes can also be sold to existing and new customers.

The Group has invested in constructing a new production plant right next to the existing facilities. The new plant houses the Group's logistics center and the production base of industrial enzymes. It is expected to be operational in the second half of 2002.

iii) Waste Management

The Group has identified waste management as one major area for development. World-wide concern for the environment is growing. In Hong Kong, government's initiative in improving the environment is gaining momentum. Waste management is an area with a lot of opportunities.

The Group is in the process of developing technology in sewage treatment using micro-organisms to reduce contaminants in the effluents. One of the applications is to treat sewage from restaurants. It is expected that demand for sewage treatment facilities from this sector will increase with effective and economical facilities become available in the market. The Group will continue its efforts to review opportunities in this sector.

iv) Research and Development

With growing importance of developing biotechnology within the Group, a biotech laboratory has been set up occupying a gross floor area of 2,300 square meters at the Dongguan plant. It is equipped with the latest state-of-the-art and fully automatic imported equipments. The Group will continue its research efforts in commercialising the applications of rhEGF in pharmaceutical areas and products held by the Group under licensing arrangements. In addition, the industrial enzymes developed by the HKU indicated that it can result in significant cost savings. Further researches will be carried out in other areas of cost savings.

CHAIRMAN'S STATEMENT *(cont'd)*



The Group's biotech laboratory with state-of-the-art equipment occupies a gross floor area of 2,300 square meters.

LABOUR RELATIONS

The Group's clear and effective management policies have enabled it to maintain good staff relations. It has not encountered any difficulties in recruiting experienced personnel and there has not been any interruption to its operations as a result of labour disputes. The Group provides social security benefits encompassing the mandatory provident fund and health insurance scheme to its employees in Hong Kong. It does not shoulder any material liability arising from the relevant statutory retirement scheme.

APPRECIATION

On behalf of the Board, I would like to express our appreciation to all our management and staff members for their ongoing contributions and hard work. We would also like to thank our shareholders for their ongoing support. In the future, the Group will continue to adopt a proactive strategy to generate fruitful returns to our valued shareholders.

Lau Jin Wei, Jim

Chairman

Hong Kong

19 March 2002