

OPERATIONAL REVIEW

I. Home and Personal Care Products

Accounting for 58.64% of total turnover, home and personal care products remain as the Group's major income stream. Leveraging its strong research and development expertise, Global Green's product portfolio has grown from 71 to 120 products, encompassing hand-washing liquid, UV washing powder, shampoo to bleach. In April 2002, its successful introduction of "Tinolux" washing powder in Hong Kong further strengthened and increased the Group's market share. In view of the continuing surge in market demand, the Group's production capacity has been expanded a 100% with full-scale production commencing in the second half of 2002.

II. Industrial Surfactants

Sales of industrial surfactants constituted 28.44% of the Group's total turnover. Riding on the textile and garment market boom, the Group grew its product range from 23 to 37 during the period under review. Foreseeing exponential growth in demand for industrial surfactants, Global Green installed 2 production lines in early 2002 to double its production capacity. Full-scale operations commenced in March 2002.

III. Biotechnology Development

Since the product launch of MB incorporated the "hEGF" biotechnology jointly developed with professors of the Hong Kong University of Science and Technology in December 2001, the Group has received an overwhelming response from the market with sales reaching HK\$36.10 million during the period under review. Further to the opening of its flagship store in Causeway Bay last December, Global Green opened 2 flagship stores in Admiralty and Shatin. In addition, 7 counters were established in leading department stores including Beautè@SOGO, Jusco Kornhill Store, Wing On Mainstore, Wing On Plus, Goldwell Dispensary and Cosmetic, Citistore Tsuen Wan and New Yaohan Macau.

In view of the huge market potential in the PRC, Global Green officially launched its MB products together with its first sales counter in Shanghai in May 2002. Up to early August, 17 counters have commenced operations in the PRC spreading over Beijing, Shanghai, Guangzhou, Shenzhen, Xiamen, Fo Shan, etc. More counters will be set up to establish a nationwide sales network.

During the period, "hEGF" in bio-active form was sold as a raw material with sales of approximately HK\$9.59 million or 3.43% of the Group's total turnover.

Apart from cosmetic application, "hEGF" has other important pharmaceutical applications which have proved to be highly effective in healing surface wounds. To capture the huge business opportunities in this area, Global Green commercialized "hEGF" in pharmaceutical area in March 2002. It is expected to further diversify Global Green's business and bring in alternative income stream to the Group.