

Interim Report

GLOBAL GREEN TECH GROUP LIMITED
高寶綠色科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 274



2009

The Board of Directors (the "Directors") of the Global Green Tech Group Limited (the "Company") is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2009 ("Period") which have been reviewed by the Company's Audit Committee.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited	
		For the six months	
		ended 30 June	
		2009	2008
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Turnover	2	218,978	583,420
Cost of sales		(181,463)	(291,442)
Gross profit		37,515	291,978
Other revenue and net income		16,157	76,693
Selling and distribution expenses		(32,125)	(39,307)
General and administrative expenses		(197,128)	(92,260)
Gain on disposal of a subsidiary	3	474	-
(Loss)/Profit from operations	4	(175,107)	237,104
Finance costs	5	12,353	(8,873)
(Loss)/Profit before taxation		(162,754)	228,231
Income tax	6	(6,001)	(28,165)
(Loss)/Profit for the period		(168,755)	200,066
Other Comprehensive Income			
Exchange difference arising on translation of foreign operations		19,403	46,259
Total comprehensive (loss)/income for the period		(149,352)	246,325
(Loss)/Profit for the period attributable to:			
Equity holders of the Company		(166,221)	181,811
Minority interests		(2,534)	18,255
		(168,755)	200,066
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		(145,665)	222,712
Minority interests		(3,687)	23,613
		(149,352)	246,325
Dividends	7	-	-
(Loss)/Earnings per share			
Basic	8(a)	(HK\$0.0960)	HK\$0.1505
Diluted	8(b)	(HK\$0.0960)	HK\$0.1472

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited	Audited
		As at	As at
		30 June	31 December
		2009	2008
<i>Notes</i>		HK\$'000	<i>HK\$'000</i>
Non-current assets			
Goodwill	9	645,566	645,566
Property, plant and equipment	10	1,460,091	1,484,614
Investment properties		25,151	25,181
Prepaid lease payments for land under operating leases		137,837	178,602
Intangible assets	10	32,162	36,655
Deposits for acquisition of property, plant and equipment		315,128	175,624
Other deposits and club debenture		160,350	170
		2,776,285	2,546,412
Current assets			
Prepaid lease payments for land under operating leases		3,117	3,117
Trading securities	11	40,294	29,995
Inventories		67,945	94,880
Trade and other receivables	12	89,414	240,492
Loan receivables		44,907	63,142
Fixed bank deposits		5,000	5,000
Cash and cash equivalents		74,220	187,919
		324,897	624,545
Current liabilities			
Trade and other payables	13	84,441	81,501
Convertible preference shares	14	–	199,431
Bank loans	15	150,000	180,000
Bank loans (secured)	15	158,345	–
Obligations under finance leases	15	17	32
Tax payable		29,197	21,820
		422,000	482,784
Net current (liabilities)/assets		(97,103)	141,761
Total assets less current liabilities		2,679,182	2,688,173

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

		Unaudited	Audited
		As at	As at
		30 June	31 December
		2009	2008
<i>Notes</i>		HK\$'000	<i>HK\$'000</i>
Non-current liabilities			
Obligations under finance leases	15	–	5
Deferred tax liabilities		1,106	1,106
		1,106	1,111
Net assets			
		2,678,076	2,687,062
Share capital			
	16	198,758	133,321
Reserves			
Share premium		1,219,223	1,092,905
Capital reserve		166,159	166,159
Capital redemption reserve		300	300
Share-based compensation reserve		–	24,754
Statutory reserve		110,121	110,121
Exchange fluctuation reserve		100,017	79,461
Convertible preference share reserve		–	26,635
Retained profits		820,331	986,552
		2,416,151	2,486,887
Total equity attributable to equity holders of the Company			
		2,614,909	2,620,208
Minority interests			
		63,167	66,854
Total Equity			
		2,678,076	2,687,062

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited For the six months ended 30 June 2009											
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Share-based compensation reserve HK\$'000	Statutory reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Convertible preference share reserve HK\$'000	Retained profits HK\$'000	Attributable to owners of the Company HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 January 2009	133,321	1,092,905	166,159	300	24,754	110,121	79,461	26,635	986,552	2,620,208	66,854	2,687,062
Loss for the period	-	-	-	-	-	-	-	-	(166,221)	(166,221)	(2,534)	(168,755)
Exchange difference on translation of financial statements of overseas subsidiaries	-	-	-	-	-	-	20,556	-	-	20,556	(1,153)	19,403
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	20,556	-	(166,221)	(145,665)	(3,687)	(149,352)
Issue of shares	65,437	101,564	-	-	-	-	-	-	-	167,001	-	167,001
Cancellation of share options	-	24,754	-	-	(24,754)	-	-	-	-	-	-	-
Redemption of equity portion of REPS	-	-	-	-	-	-	-	(26,635)	-	(26,635)	-	(26,635)
At 30 June 2009	198,758	1,219,223	166,159	300	-	110,121	100,017	-	820,331	2,614,909	63,167	2,678,076
	Unaudited For the six months ended 30 June 2008											
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Share-based compensation reserve HK\$'000	Statutory reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Convertible preference share reserve HK\$'000	Retained profits HK\$'000	Attributable to owners of the Company HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 January 2008	118,334	911,885	166,159	-	8,924	88,805	53,134	26,635	999,917	2,373,793	120,681	2,494,474
Profit for the period	-	-	-	-	-	-	-	-	181,811	181,811	18,255	200,066
Exchange difference on translation of financial statements of overseas subsidiaries	-	-	-	-	-	-	40,901	-	-	40,901	5,358	46,259
Total comprehensive income for the period	-	-	-	-	-	-	40,901	-	181,811	222,712	23,613	246,325
Issue of shares	10,620	115,902	-	-	-	-	-	-	-	126,522	-	126,522
Provision for statutory reserve	-	-	-	-	-	20,967	-	-	(20,967)	-	-	-
Equity settled share-based transactions	-	12,719	-	-	8,625	-	-	-	-	21,344	-	21,344
At 30 June 2008	128,954	1,040,506	166,159	-	17,549	109,772	94,035	26,635	1,160,761	2,744,371	144,294	2,888,665

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	For the six months	
	ended 30 June	
	2009	2008
	HK\$'000	<i>HK\$'000</i>
Net cash inflow from operating activities	214,128	261,319
Net cash used in investing activities	(281,584)	(27,412)
Net cash (outflow)/inflow from financing activities	(46,243)	87,631
(Decrease)/Increase in cash and cash equivalents	(113,699)	321,538
Cash and cash equivalents at 1 January	187,919	472,989
Cash and cash equivalents at 30 June	74,220	794,527
Analysis of balances of cash and cash equivalents:		
Cash and cash equivalents	74,220	794,527

NOTES TO CONDENSED ACCOUNTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair value.

The accounting policies adopted in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2008, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") which affect the Group and are adopted for the first time for the current period's financial statements.

HKAS 1 (revised 2007)	Presentation of Financial Statements
HKFRS 8	Operating Segments

HKAS 1 (revised 2007) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. The adoption of HKAS 1 (revised 2007), however, has no impact on the reported results or financial position of the Group.

HKFRS 8 requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and assess its performance. HKFRS 8 replaces HKAS 14 Segment Reporting which requires identification of two sets of segments, one is based on related products and services and the other on geographical areas. However, the adoption of HKFRS 8 that resulted in a redesignation of certain reportable segments of the Group has no impact on the reported results or financial position of the Group.

2. SEGMENT INFORMATION

The Group comprises the following main business segments:

- (a) Household products segment – manufacture of household products for sale to wholesalers and retailers in the general consumer market;
- (b) Industrial products segment – manufacture of industrial surfactants for sale principally to textile and garment manufacturers and traders;
- (c) Cosmetics and skincare products segment – manufacture of cosmetics and skincare products under the brand name of Marjorie Bertagne for sale to authorised distributors and retailers in the general consumer market; manufacture of ODM/OEM products for sales to the overseas customers;
- (d) Biotechnology products segment – manufacture of biotechnology products with medical applications; and
- (e) Investments segment – engaged in provision of loan financing services and investment and/or trading in marketable securities, bonds, foreign currencies, various funds and other income generated fixed assets portfolios.

NOTES TO CONDENSED ACCOUNTS (cont'd)

2. SEGMENT INFORMATION (cont'd)

An analysis of the Group's revenue and results for the Period by business segments are as follows:

	Unaudited											
	For the six months ended 30 June											
	Household products		Industrial products		Cosmetics and skincare products		Biotechnology products		Investments		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Revenue from external customers	5,379	76,030	118,251	197,705	95,348	303,435	-	4,015	-	2,235	218,978	583,420
Segment results	(1,220)	54,800	(135,716)	73,862	(47,078)	143,716	-	143	9,560	(8,193)	(174,454)	264,328
Unallocated operating income and expenses											(1,127)	(27,224)
(Loss)/Profit from operations											(175,581)	237,104
Finance costs											12,353	(8,873)
(Loss)/Profit before taxation											(163,228)	228,231
Income tax											(6,001)	(28,165)
Core (loss)/profit											(169,229)	200,066
Gain on disposal of a subsidiary											474	-
(Loss)/Profit for the period											(168,755)	200,066

NOTES TO CONDENSED ACCOUNTS (cont'd)

3. GAIN ON DISPOSAL OF A SUBSIDIARY

During the Period, the Group had negotiated with an independent lender ("Lender") for the proposed settlement of a loan of an amount of approximately HK\$39,881,000 as at 31 May 2009 owing by Dongguan Gao Bao Chemicals Co. Ltd. ("Dongguan Gao Bao") to such Lender. As a term of the settlement arrangement, the Lender has requested the Group to dispose of its entire interest in Global Chemical International Limited ("GCIL"), the sole investor of a wholly-foreign-owned-enterprise, Dongguan Gao Bao, in PRC, to the Lender. The assets retained by Dongguan Gao Bao that would be transferred to the Lender were certain fixed assets and inventories relating to laundry powder business of Dongguan Gao Bao.

Even though the agreement for the sale and purchase of the shares in GCIL were entered into after balance sheet date, the effective control of GCIL and its subsidiary were forced to be passed to the Lender on 1 June 2009. In view of the substance of the transaction, the Group had accounted for the transaction as disposal of a subsidiary as if the transaction happened on 1 June 2009.

Details of the transaction are set out as follows:

	<i>HK\$'000</i>
Net assets disposal of – inventories and fixed assets	39,407
Gain on disposal of a subsidiary	474
	<u>39,881</u>
Satisfied by:	
Settlement of cash borrowings owing by Dongguan Gao Bao to the Lender	<u>39,881</u>

4. (LOSS)/PROFIT FROM OPERATIONS

(Loss)/Profit from operations is stated after charging the followings:

	Unaudited	
	For the six months	
	ended 30 June	
	2009	2008
	HK\$'000	<i>HK\$'000</i>
Charging		
Amortisation of intangible assets	4,450	3,571
Cost of inventories sold	181,463	291,442
Depreciation of property, plant and equipment	43,868	34,886
Research and development costs	1,130	2,183
Staff costs	25,580	31,451
Provision for doubtful debts	155,107	–

NOTES TO CONDENSED ACCOUNTS (cont'd)

5. FINANCE COSTS

Details of finance costs are set out as follows:

	Unaudited	
	For the six months	
	ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Finance costs		
Interest expense on bank advances and other borrowings wholly repayable with five years	1,845	4,626
Written back of provision for redemption loss	(17,461)	–
Finance charges on obligations under finance leases	2	2
Other borrowing costs	3,261	4,245
	(12,353)	8,873

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profit for the Period.

Taxation on overseas profits has been calculated on the estimated assessable profit for the Period at the rates of tax prevailing in the countries in which the subsidiaries of the Company operate.

The amount of taxation charged to the unaudited condensed consolidated statement of comprehensive income represents:

	Unaudited	
	For the six months	
	ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Current taxation:		
Hong Kong profits tax	–	(747)
Overseas taxation (<i>note (b)</i>)	6,001	28,912
Taxation charge	6,001	28,165

NOTES TO CONDENSED ACCOUNTS (cont'd)

6. INCOME TAX (cont'd)

The taxation on the Group's (loss)/profit before taxation differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows:

	Unaudited	
	For the six months	
	ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
(Loss)/Profit before taxation	(162,754)	228,231
Tax at applicable tax rates (<i>note (a)</i>)	(41,169)	46,493
Income not subject to tax	(1,672)	1,491
Tax losses not recognized	42,841	9,508
Expenses not deductible for taxation purposes	6,001	–
Preferential tax treatment (<i>note (b)</i>)	–	(29,327)
Taxation charge	6,001	28,165

Notes:

- (a) The applicable tax rates represent the rates of tax prevailing in the countries in which the Company's subsidiaries operate.
- (b) Overseas tax provision is required to be made in respect of the subsidiaries of the Company established in the PRC. In accordance with the relevant PRC income tax rules and regulations, the enacted PRC income tax is 25% (2008: 25%). Some of them were entitled to preferential tax treatment from the PRC's authority.

7. DIVIDENDS

	Unaudited	
	Six months	
	ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Interim, paid, of HK\$Nil (2008: HK\$Nil) per ordinary share	–	–

At a meeting held on 23 September 2009, the Directors did not recommend payment of interim dividend for the Period.

NOTES TO CONDENSED ACCOUNTS (cont'd)**8. (LOSS)/EARNINGS PER SHARE****(a) Basic (loss)/earnings per share**

The calculation of the basic (loss)/earnings per share is based on the loss attributable to equity holders of the Company of approximately HK\$166,221,000 (2008: profit of HK\$181,811,000) and the weighted average number of 1,732,171,997 (2008: 1,208,290,788) ordinary shares in issue during the Period.

(b) Diluted (loss)/earnings per share

The calculation of the diluted (loss)/earnings per share is based on the loss attributable to equity holders of the Company of approximately HK\$166,221,000 (2008: profit of HK\$181,811,000) and the weighted average number of 1,732,171,997 (2008: 1,234,919,023) ordinary shares after adjusting for the potential dilutive effect of share options and warrants.

	No. of shares as at 30 June	
	2009	2008
Weighted average number of ordinary shares used in calculating basic (loss)/earnings per share	1,732,171,997	1,208,290,788
Add: Number of ordinary shares deemed to be issued at no consideration on exercise of all outstanding share options and warrants	-	26,628,235
	<hr/>	<hr/>
Weighted average number of ordinary shares used in calculating diluted (loss)/earnings per share	1,732,171,997	1,234,919,023
	<hr/>	<hr/>

9. GOODWILL

The goodwill arose from the acquisition of 30% equity interest in a non-wholly owned subsidiary of the Company, Global Cosmetics (HK) Company Limited, from Cristal Marketing Management Company Limited.

NOTES TO CONDENSED ACCOUNTS (cont'd)

10. PROPERTY, PLANT AND EQUIPMENT/INTANGIBLE ASSETS

	Unaudited	Property,
	Intangible	plant and
	assets	equipment
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost		
At 1 January 2009	108,899	1,867,206
Additions	–	21,094
Disposals	–	(4,199)
Reclassification	–	(10)
Exchange adjustment	2,103	(2,173)
	<hr/>	<hr/>
At 30 June 2009	111,002	1,881,918
	<hr/>	<hr/>
Accumulated amortisation/depreciation		
At 1 January 2009	72,244	382,592
Amortisation/depreciation provided for the period	4,450	43,868
Disposals	–	(4,199)
Exchange adjustment	2,146	(434)
	<hr/>	<hr/>
At 30 June 2009	78,840	(421,827)
	<hr/>	<hr/>
Net book value		
At 30 June 2009	32,162	1,460,091
	<hr/>	<hr/>
At 31 December 2008	36,655	1,484,614
	<hr/>	<hr/>
11. TRADING SECURITIES		
	Unaudited	Audited
	30 June	31 December
	2009	2008
	HK\$'000	HK\$'000
Listed equity securities at market value		
– in Hong Kong	40,294	25,158
– outside Hong Kong	–	4,837
	<hr/>	<hr/>
	40,294	29,995
	<hr/>	<hr/>

NOTES TO CONDENSED ACCOUNTS (cont'd)**12. TRADE AND OTHER RECEIVABLES**

	Unaudited	Audited
	30 June	31 December
	2009	2008
	HK\$'000	HK\$'000
Trade receivables	154,872	209,382
Bills receivables	–	2,040
Prepayments, deposits and other receivables	66,353	80,762
	221,225	292,184
Less: Allowance for doubtful debts	(131,811)	(51,692)
	89,414	240,492

At 30 June 2009, the aging analysis of the trade and bills receivables was analysed as follows:

	Unaudited	Audited
	30 June	31 December
	2009	2008
	HK\$'000	HK\$'000
Within 30 days	28,407	97,284
31 – 60 days	16,121	87,291
61 – 90 days	14,406	12,792
Over 90 days	95,938	14,055
	154,872	211,422
Less: Impairment loss on trade receivables	(103,852)	(30,574)
	51,020	180,848

The normal credit period granted to the customers of the Group is 30 to 180 days (2008: 30 to 180 days). Impairment loss on trade receivables was made and thereafter written off when collection of full amount was no longer probable. Bad debts are written off as incurred. Trade receivables are mainly denominated in Renminbi, Hong Kong Dollars and US Dollars.

NOTES TO CONDENSED ACCOUNTS (cont'd)

13. TRADE AND OTHER PAYABLES

	Unaudited 30 June 2009 HK\$'000	Audited 31 December 2008 HK\$'000
Trade payables	53,522	36,540
Accrued liabilities and other payables	30,919	44,961
	84,441	81,501

At 30 June 2009, the aging analysis of the trade payables was analysed as follows:

	Unaudited 30 June 2009 HK\$'000	Audited 31 December 2008 HK\$'000
Within 30 days	22,285	18,547
31 – 60 days	17,734	8,499
61 – 90 days	9,956	6,555
Over 90 days	3,547	2,939
	53,522	36,540

Trade payables are mainly denominated in Renminbi, Hong Kong Dollars and US Dollars.

14. CONVERTIBLE PREFERENCE SHARES

On 7 August 2007, a subsidiary of the Company, Bio Beauty Group Limited ("BBG"), issued 91,500 convertible preference shares ("REPS") of US\$21,000,000 (equivalent to approximately HK\$164,475,000) to an independent third party.

Each of the preference shares is automatically fully convertible into 100 ordinary shares of BBG immediately prior to the day of list of shares of BBG on the SEHK.

The REPS contain two components, liability component and conversion option which is an equity component. The liability portion is carried at amortised cost using the effective interest rate method. The effective interest rate of the liability component is 25%. The equity component is presented in equity heading "convertible preference share reserve".

During the Period, the Company and BBG had entered into a settlement agreement with Macquarie Investment Holdings No. 2 Pty. Limited, Macquarie Capital Securities Limited and Macquarie Capital (Hong Kong) Limited (collectively called "Macquarie Group").

The Company and BBG agreed to pay and Macquarie Group agreed to accept US\$24 million ("Settlement Price") in full and final settlement of the REPS. The Settlement Price was paid during the Period.

NOTES TO CONDENSED ACCOUNTS (cont'd)**15. BANK LOANS AND OBLIGATIONS UNDER FINANCE LEASES**

	Unaudited 30 June 2009 HK\$'000	Audited 31 December 2008 HK\$'000
Unsecured bank loans (<i>note (a)</i>)	150,000	180,000
Secured bank loans (<i>note (b)</i>)	158,345	–
	308,345	180,000

Notes:

- (a) On 27 February 2006, the Company obtained a syndicated bank loan of HK\$200,000,000. The loan was fully drawn down during the year ended 31 December 2006 and it bears an interest rate at HIBOR plus 1% per annum and repayable by 6 unequal semi-annual instalments commencing 12 months after the date of the relevant loan agreement. On 16 March 2007, the Company drew down the revolving loan of HK\$100,000,000 according to the terms stipulated in the above syndicated bank loan agreement. The loan was fully drawn down during the year and it bears an interest rate at HIBOR plus 1% per annum and repayable one month prior to the maturity date on 26 August 2009. The unsecured bank loans were guaranteed by a subsidiary of the Group. The unsecured bank loans were subsequently repaid in full before 9 September 2009.
- (b) The secured bank loans were short term loans that borrowed from the banks in PRC by the PRC subsidiaries of the Group and secured by the properties in PRC. The principal amount of these short term loans were RMB139,560,000 (equivalent to approximately HK\$158,345,000). The interest rate ranged from 5.31% per annum to 5.84% per annum.

Details of obligation under finance leases was as follows:

	Unaudited 30 June 2009 HK\$'000	Audited 31 December 2008 HK\$'000
Obligations under finance leases repayable:		
Within 1 year	17	36
After 1 year but within 2 years	–	6
After 2 years but within 5 years	–	–
	17	42
Less: future finance charges on finance leases	–	(5)
Present value of obligations under finance leases	17	37

The Group's borrowings are denominated in Hong Kong Dollars and Renminbi.

NOTES TO CONDENSED ACCOUNTS (cont'd)

16. SHARE CAPITAL

	Unaudited 30 June 2009 HK\$'000	Audited 31 December 2008 HK\$'000
Authorised:		
6,000,000,000 (2008: 2,000,000,000) ordinary shares of HK\$0.10 each	600,000	200,000
Issued and fully paid:		
1,987,579,856 (2008: 1,333,210,868) ordinary shares of HK\$0.10 each	198,758	133,321

By the ordinary resolution passed in Annual General Meeting on 29 June 2009, the authorised share capital of the Company increased from HK\$200,000,000 to HK\$600,000,000 by the creation of an additional 4,000,000,000 shares of HK\$0.10 each.

	Number of shares '000	Share capital HK\$'000
At 1 January 2008	1,183,347	118,334
Exercise of warrants	46,987	4,699
Exercise of share options	105,877	10,588
Repurchase of shares	(3,000)	(300)
At 31 December 2008 and at 1 January 2009	1,333,211	133,321
Exercise of share options	9,749	975
Open offer	644,620	64,462
30 June 2009	1,987,580	198,758

NOTES TO CONDENSED ACCOUNTS (cont'd)

17. OPERATING LEASES COMMITMENTS

As lessee

The Group leases certain land and buildings under operating leases arrangements. Leases for properties are negotiated for terms ranging from one to five years.

At 30 June 2009, the Group had total future minimum lease payments under non-cancellable operating leases as follows:

	Unaudited 30 June 2009 HK\$'000	Audited 31 December 2008 HK\$'000
Within 1 year	1,260	2,090
After 1 year but within 5 years	105	735
	<u>1,365</u>	<u>2,825</u>

18. CAPITAL COMMITMENTS

At 30 June 2009, the Group had the following capital commitments:

	Unaudited 30 June 2009 HK\$'000	Audited 31 December 2008 HK\$'000
Contracted but not provided for:		
Property, plant and equipment	47,977	149,984
	<u>47,977</u>	<u>149,984</u>

The Group did not have any material capital commitments at 30 June 2009 (31 December 2008: Nil).

19. CONTINGENT LIABILITIES

As at 30 June 2009, the Group did not have any significant contingent liabilities.

As at 31 December 2008, the Company had issued corporate guarantees for bank in respect of HK\$20,000,000 banking facilities granted to a subsidiary of the Company.

NOTES TO CONDENSED ACCOUNTS (cont'd)

20. MATERIAL RELATED PARTY TRANSACTIONS

During the Period, the Group has not entered into any significant related party transactions.

During the period ended 30 June 2008, the Group had entered into the following significant related party transactions in its ordinary course of business and on terms mutually agreed between the relevant parties:

Global Cosmetics (HK) Company Limited sold cosmetics and skincare products of approximately HK\$3,761,000 to Cristal Marketing Management Company Limited under normal commercial terms.

21. EVENTS AFTER THE INTERIM REPORTING PERIOD

By the resolution passed in Extraordinary General Meeting on 29 June 2009, the Company were approved by the shareholders to acquire the entire shareholding interest in Supreme China Limited and its subsidiary (collectively called the "Target Group"). The consideration for the acquisition was HK\$320 million which was satisfied by cash of HK\$160 million and convertible bond of HK\$160 million issued by Company to the vendor or such person as nominated by the vendor. As at 30 June 2009, cash consideration of HK\$160 million were settled by the Group.

The principal activities of the Target Group are retailing of cosmetics and provision of beauty treatment services. The Directors believed that significant synergy will be derived from the acquisition as there will have a vertical integration of wholesaling and retailing activities in Hong Kong, Macau and Taiwan. The Group will make use of the distribution and marketing networks of the Target Group to facilities future expansion of the cosmetics business and ODM business.

22. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements were approved and authorised for issue by the Board on 23 September 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Global Green achieved a turnover of HK\$218.98 million for the six months ended 30 June 2009, representing a decrease of 62.47% over the same period last year (2008: HK\$583.42 million). Due to economic downturn in the first half of the year, the Group's overall gross profit margin dropped to 17.13% from 50.05% last period due to decrease in sales of high gross margin products – cosmetics and skincare products. Net loss for the Period amounting to HK\$168.76 million (2008: profit of HK\$200.07 million), representing a drop of 184.35% as compared with last period.

OPERATIONAL REVIEW

I. Household Products

For the period under review, turnover of household products were HK\$5.38 million (2008: HK\$76.03 million), representing a significant decrease of 92.93% as compared with last period and accounting for 2.46% of the Group's turnover. Due to increase in cost of raw materials and keen price competition, demand for our products decreased and the gross margin was deteriorated.

In future, the Group will concentrate on the manufacturing of OEM products so as to save up marketing and administrative expense of own label products.

II. Industrial Products

During the review period, turnover of industrial products decreased by 40.19% to HK\$118.25 million (2008: HK\$197.71 million), representing 54% of the Group's turnover.

Even though this segment recorded a loss in the first half of the year, with a long operation history and a strong customer base, industrial surfactants and industrial enzymes remained the bread-and-butter business of the Group. With gradual recovery of economy and continuous implementation of stringent cost control measures, the Group believed that the profit margin could be improved in the second half of the year. Its eco-friendly industrial surfactants were also benefited from the growing awareness of environmental protection issue by the PRC Government.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

OPERATIONAL REVIEW (cont'd)

III. Cosmetics and Skincare Products

For the six months ended 30 June 2009, turnover of cosmetics and skincare products dropped 68.58% to HK\$95.35 million (2008: HK\$303.44 million), accounting for 43.54% of the Group's turnover. The increasing affluence and rising spending power of the emerging middle class also made our cosmetics and skincare business remain the Group's significant contributor to the revenue in the first half of 2009.

We have strategically expanded our network into first, second and even third tier cities to enhance our coverage. This network expansion, together with strong same-store sales growth, has brought significant growth to our operations in future.

In addition, the Group has employed effective branding strategies to enhance MB's image and diversified its marketing channels through television commercials, print advertisements, billboard posters, and promotional events with celebrities as spokespersons, etc. We believe that these effective marketing capabilities and the further enhancement of our brand name will assist us in increasing sales and strengthening our market position.

The Group's state-of-the-art GMP-production base and R&D technique allowed it to continuously expand into the European and North American markets by providing ODM cosmetics and skincare products in form of gift and premium.

IV. Biotechnology Products

During the period under review, biotechnology products contributed nothing to the turnover (2008: turnover of HK\$4.02 million).

V. Investments

There was no investment activities (2008: turnover of HK\$2.24 million) during the review period. Total amount of operating profit in this segment for the Period amounted to HK\$9.56 million, mainly due to fair value changes of marketable securities as at 30 June 2009, as compared with operating loss of HK\$8.19 million for the last period.

USE OF PROCEEDS FROM ISSUE OF SHARES

During the Period, 9,748,500 share options were exercised at exercise price of HK\$0.89 per ordinary share with cash proceeds of approximately HK\$8.7 million, before any related expenses. The net proceeds from the exercise of share options were used to finance general working capital requirement of the Group.

By the announcement dated 20 January 2009 (the "Announcement") and the circular of open offer despatched on 23 February 2009 (the "Circular"), the Company raised approximately HK\$161 million before expenses by way of open offer of 644,620,488 offer shares to the qualifying shareholders at a price of HK\$0.25 per offer share, payable in full in application, on the basis of twelve shares for every twenty five shares held on the record date. The net proceeds of the Open Offer would be used by the Company for the construction of new factory location at Yuen Long, Hong Kong, and the purchase of plant and equipments in relation to the waste-tyre-to-oil recycling business of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained cash and cash equivalents of approximately HK\$74.22 million at the end of reporting period. The Group adopts conservative treasury policies in cash and financial management. Most of the retained cash was placed in Renminbi and Hong Kong Dollars short term deposits and therefore exposure to exchange fluctuations was minimal. The Group also invested in other investments such as bonds and marketable securities to increase financial returns. Total equity attributable to equity holders of the Company as at 30 June 2009 was HK\$2,614.91 million compared with that of HK\$2,620.21 million as at 31 December 2008, representing a slightly decrease of HK\$5.3 million or 0.2%.

The Group's capital expenditure for the Period amounted to HK\$21.09 million were funded from internal resources, borrowings and capital market.

Selling and distribution expenses for the six months ended 30 June 2009 decreased to HK\$32.13 million representing 14.67% of turnover compared with that of HK\$39.31 million or 6.74% of turnover for last period. It was mainly due to decrease in advertising and promotion expenses for cosmetics and skincare products during the Period.

General and administrative expenses increased to HK\$197.13 million or 90.02% of turnover for the six months ended 30 June 2009 as compared to that of HK\$92.23 million or 15.81% of turnover for the last period, mainly due to the increase in provision of doubtful debts for the Period.

LIQUIDITY AND FINANCIAL RESOURCES (cont'd)

The indebtedness of the Group mainly comprises bank loans and finance leases which are largely denominated in Hong Kong Dollars and Renminbi. The Group borrowings are monitored to ensure a smooth repayment schedule to maturity.

The Group's inventory turnover period was increased to 81 days from that of 39 days for the same period last year due to slowdown in sales during the Period. The turnover period of debtors were increased to 95 days from that of 37 days for the same period last year for the same reason as above. The turnover period of creditors was decreased to 45 days from that of 51 days for the same period last year.

Debt to equity ratio (total debt over shareholders' equity) and gearing ratio (total interest bearing debt over total assets) were slightly improved to 16.18% and 9.94% respectively as compared with that of 20.45% and 10.12% respectively for the same period last year. Current ratio and Quick ratio were 0.77 and 0.18 respectively.

PROSPECTS

The Group, in line with the two-pronged strategy employed for a long time, will strive to maintain a reasonable profit margin for its traditional industrial products businesses as well as develop the growth driven cosmetics and skincare products business. These businesses provide stable income for the Group to fund new business developments with promising potential. At the same time, the Group will also capture the tremendous opportunities in the green energy recycling business and biotech field.

NEW BUSINESS WITH ENORMOUS POTENTIAL – GREEN ENERGY RECYCLING

The Group is on the march to grasp the vast potential in the green energy recycling sector. It has already established a pilot plant in Dongguan, the PRC. Construction work in the Yuen Long Industrial Estate is expected to start once the building plan is approved by relevant authorities. Production will commence after the construction of the factory has been completed and equipments are installed.

At starting stage, the Group plans to develop the Hong Kong market, mainly through wholesaling high quality petroleum products to different public transportation corporations. In the long run, the Group targets to expand into overseas markets facing high oil price pressure, such as Singapore, Malaysia and Japan. With the recent skyrocketing crude oil price, the Group believes that this business will bring remarkable returns and become one of the key contributors to the revenue in future.

COSMETICS AND SKINCARE PRODUCTS

Riding on the growing disposable income and strong emergence of the middle class, the Group is well positioned to capture the tremendous opportunities in cosmetics and skincare products market.

Currently, we have 121 skincare products and 11 colour cosmetics under MB's brand name. The Group expects to see the demand for MB growing steadily in the Mainland China and will focus on gaining bigger market share in this market by expansion of sales network.

Other than that, we are also engaged in the design and production of high quality skincare products, colour cosmetics and toiletries for our ODM and OEM customers in Europe and United States at competitive prices. As part of our "one-stop service" of this ODM and OEM business, we also provide research and development, sourcing, merchandising and technical enquiries to our customers.

INTERIM DIVIDEND

The Board did not recommend payment of interim dividend for the six months ended 30 June 2009 (2008: Nil).

EMPLOYEE AND REMUNERATION POLICIES

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 all its employees. It does not shoulder any material liability arising from the relevant statutory retirement scheme.

As at 30 June 2009, the Group had 790 employees. Total staff costs paid during the period was approximately HK\$25.58 million.

SHARE OPTIONS

Pursuant to an ordinary resolution passed at an extraordinary general meeting of the Company held on 20 December 2001, the share option scheme adopted by the Company on 28 November 2000 (the "Old Scheme") was terminated and another share option scheme (the "New Scheme") was adopted. Upon termination of the Old Scheme, no further options can be granted thereunder but in all other respects, the provisions of the Old Scheme remain in force and all share options granted prior to such termination continue to be valid and exercisable in accordance therewith. There are no changes in any terms of the schemes during the Period. The detailed terms of the schemes were disclosed in the 2008 annual accounts.

SHARE OPTIONS (cont'd)

As at 30 June 2009, there was no outstanding share options which have been granted under the Old Scheme.

During the Period, no share option was granted under the New Scheme to the employees, customers and suppliers of the Group.

Detail of the share options outstanding as at 30 June 2009 which have been granted under the New Scheme are as follows:

Participant	Date of grant	Exercise price HK\$	Number of share options						Company's share price ⁽⁵⁾			
			1 January 2009	Granted during the period	Exercised during the period	Lapsed during the period	Total number of share options before open offer	Adjusted number of share options after open offer ⁽³⁾	Cancelled during the period ⁽⁴⁾	30 June 2009	At date of grant HK\$	At date of exercise HK\$
Executive Directors												
Wong Ying Yin	20 June 2006 ⁽²⁾	0.85 ⁽³⁾	176,000	-	-	-	176,000	183,300	(183,300)	-	0.89	N/A
Bang Young-Bae	20 June 2006 ⁽²⁾	0.85 ⁽³⁾	150,000	-	-	-	150,000	156,222	(156,222)	-	0.89	N/A
Wong Ying Yin	25 March 2008 ⁽¹⁾	1.12 ⁽³⁾	300,000	-	-	-	300,000	312,444	(312,444)	-	1.14	N/A
Bang Young-Bae	25 March 2008 ⁽¹⁾	1.12 ⁽³⁾	350,000	-	-	-	350,000	364,518	(364,518)	-	1.14	N/A
Wong Ying Yin	25 July 2008 ⁽¹⁾	0.87 ⁽³⁾	400,000	-	-	-	400,000	416,592	(416,592)	-	0.90	N/A
Bang Young-Bae	25 July 2008 ⁽¹⁾	0.87 ⁽³⁾	450,000	-	-	-	450,000	468,666	(468,666)	-	0.90	N/A
			1,826,000	-	-	-	1,826,000	1,901,742	(1,901,742)	-		
Suppliers of goods or services, customers and others												
In aggregate	20 June 2006 ⁽²⁾	0.85 ⁽³⁾	-	-	-	-	-	-	-	-	0.89	N/A
	25 March 2008 ⁽¹⁾	1.12 ⁽³⁾	12,100,000	-	-	-	12,100,000	12,601,908	(12,601,908)	-	1.14	N/A
	25 July 2008 ⁽¹⁾	0.87 ⁽³⁾	96,500,000	-	-	-	96,500,000	100,502,820	(100,502,820)	-	0.90	N/A
			108,600,000	-	-	-	108,600,000	113,104,728	(113,104,728)	-		
Other employees												
In aggregate	20 June 2006 ⁽²⁾	0.85 ⁽³⁾	19,119,500	-	(9,748,500)	(1,521,000)	7,850,000	8,175,619	(8,175,619)	-	0.89	0.36
	25 March 2008 ⁽¹⁾	1.12 ⁽³⁾	22,621,262	-	-	(700,000)	21,921,262	22,830,556	(22,830,556)	-	1.14	N/A
	25 July 2008 ⁽¹⁾	0.87 ⁽³⁾	25,819,750	-	-	(950,000)	24,869,750	25,901,347	(25,901,347)	-	0.90	N/A
			67,560,512	-	(9,748,500)	(3,171,000)	54,641,012	56,907,522	(56,907,522)	-		
Share options granted under the New Scheme												
			177,986,512	-	(9,748,500)	(3,171,000)	165,067,012	171,913,992	(171,913,992)	-		

SHARE OPTIONS (cont'd)

Notes:

- (1) The exercisable period of the above share options is 3 years from the date of grant as determined by the Directors.
- (2) By the ordinary resolution passed on 13 May 2008, all share options granted by the Company on 20 June 2006 pursuant to the share option scheme of the Company adopted by an ordinary resolution of the Company passed on 20 December 2001 shall be exercised at any time after the date of passing of the resolution and up to 20 June 2010.
- (3) During the period, the Company raised fund by way of open offer of 644,620,488 offer shares to the qualifying shareholders at a price of HK\$0.25 per offer share, payable in full in application, on the basis of twelve shares for every twenty five shares held on the record date. Pursuant to the rules of the Share Option Scheme, the exercise prices of the Share Options and the aggregate number of Shares subject to the Share Options have been adjusted as follows:

Exercise prices (per Share)	Number of Shares subject to the Share Options	Adjusted exercise prices (per Share)	Adjusted number of Shares subject to the Share Options
HK\$0.89	8,176,000	HK\$0.85	8,515,141
HK\$1.17	34,671,262	HK\$1.12	36,109,426
HK\$0.91	122,219,750	HK\$0.87	127,289,425

- (4) By the ordinary resolution passed in the Annual General Meeting on 29 June 2009, all the outstanding share options as at the date of Annual General Meeting were cancelled.
- (5) The price of the Company's shares disclosed as at the date of grant of the share options is the Stock Exchange's closing price on the trading day immediately prior to the date of grant of the share options. The price of the Company's shares disclosed as at the date of exercise of the share options is the weighted average closing price of the shares immediately before the dates on which share options were exercised.

The fair value of share options granted is recognised in profit and loss account taking into account the probability that the share options will vest over the vesting period. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Share options which lapsed, if any, prior to their exercise date are deleted from the outstanding options.

CONTINGENT LIABILITY AND CHARGE OF GROUP ASSETS

As at 30 June 2009, the Group did not have any significant contingent liabilities. As at 30 June 2009, certain bank loans were secured by the properties in PRC.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company had no purchase, redemption or sales of its own shares during the Period.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN EQUITY, DEBT SECURITIES OR WARRANTS

At 30 June 2009, the interests (which are all long positions) of the Directors and Chief Executives in the ordinary shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") (including interest which they are deemed or taken to have under such provisions of the SFO)), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company were as follows:

Name of Director	Number of ordinary shares/underlying shares held			
	Personal interests	Corporate interests	Family interests	Percentage holding
Mr. Lau Jin Wei, Jim	3,940,000 <i>(note (a))</i>	–	476,406,976 <i>(note (b))</i>	24.17%
Mr. Bang Young Bae	200,000 <i>(note (c))</i>	–	–	0.01%

Notes:

- (a) The personal interest of Mr. Lau Jin Wei, Jim comprises 3,940,000 ordinary shares of the Company.
- (b) There are 476,406,976 ordinary shares of the Company as shown above held by Motivated Workforce Consultants Limited ("MWC"), a company incorporated in the British Virgin Islands. The entire share capital of MWC is owned by Mr. Lau Ru Dong, the father of Mr. Lau Jin Wei, Jim.
- (c) The personal interest of Mr. Bang Young Bae comprises 200,000 ordinary shares of the Company.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2009, the register of substantial shareholders maintained under Section 336 of the SFO showed that, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital:

Name of shareholder	Number of ordinary shares	Percentage of the Company's share capital
MWC	476,406,976	23.97%

All the interests disclosed above represent long positions in the shares of the Company.

Save as disclosed above, the Company has not been notified by any other person (other than a director of the Company disclosed above) who has an interest or short position in the shares or underlying shares of the Company pursuant to Section 336 of the SFO as at 30 June 2009.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rule throughout the Period except for the deviations as mentioned below:

Code provision A.2.1 stipulated that the role of chairman and chief executive officer ("CEO") should be separated and not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. The Board considered that the non-segregation would not result in considerable concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently. The Board ensured that all Directors complied with good corporate governance practices and are properly briefed on issues arising at the Board meetings and have received adequate, complete and reliable information in a timely manner with the assistance of the company secretary.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in Model Code throughout the Period.

AUDIT COMMITTEE

The Company's Audit Committee comprises three Independent Non-executive Directors, namely Dr. Xie Ming Quan, Mr. Lin Jian and Mr. Lee Pak Chung. On 6 July 2009, Mr. Ho Yik Leung resigned as an Independent Non-executive Director and Dr. Xie Ming Quan was appointed as an Independent Non-executive Director and a member of each of the Audit Committee and Remuneration Committee of the Company in place of Mr. Ho Yik Leung.

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the HKICPA. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

The Audit Committee has regularly reviewed with the management the accounting principles and policies adopted by the Group. The unaudited interim financial statements for the six months ended 30 June 2009 was reviewed by the Audit Committee.

BOARD OF DIRECTORS

As at the date of this Board Meeting, the Board of the Company comprises three executive Directors, namely Mr. Lau Jin Wei, Jim, Mr. Wong Ying Yin and Mr. Bang Young Bae and three independent non-executive Directors, namely Dr. Xie Ming Quan, Mr. Lin Jian and Mr. Lee Pak Chung.

By Order of the Board

Lau Jin Wei, Jim

Chairman

Hong Kong, 23 September 2009