

CHAIRMAN'S STATEMENT

Marketing Strategies

Taking advantage of the growing consumer demand for personal care and cosmetics products in the PRC, the Group is pushing its brandnames with tremendous thrust into this market with immense potential for growth. In late October 2000, the Group kicked off the marketing of this new product line at a trade exhibition in Dalian, the PRC. Its efforts not only generated tremendous market interest and numerous enquiries from potential customers, but also paved the way for the Group's formal launch of the product in 2001. To maximize product coverage in the region, the Group has also been negotiating with suitable agents for the sale and distribution of this new product line. The Group will continue to expand its skincare and cosmetic product portfolio in the future.



On September 5, 2000, the Group entered into a 10-year agreement with Zhuhai Security Services with the latter agreeing to link its hotel security management system with the Group's B2B platform. Under the agreement, the Group is expected to provide more than 250 hotels and guesthouses in Guangdong Province with personal care products such as shampoo, bathing gel and body lotion, thus enables the Group to effectively cultivate a whole new base of clients in the hotel industry.

Production Facilities and Process

The Group's production arm in Dongguan is comprised with cutting-edge and highly automated production facilities. All different production processes, from monitoring, adjusting, controlling, final weighing to packaging are well equipped. The industrial complex contains five production lines, two of which are for the production of industrial surfactants while the other three are dedicated to the production of home and personal care products. To cater for the rising demand for the Group's personal care products, additional production line for the production of skincare and cosmetic products was installed in June 2000. Dongguan Proamine's current production output is estimated at over 80% of its maximum production capability. However, with the new additions of production facilities, the Group will have ample resources and capability to meet the needs of the growing market.



Financial Information

The Group has applied the net proceeds from the listing in the following areas. As at December 31, 2000, approximately HK\$3 million has been invested in expanding the Group's production facilities and purchasing additional machinery to increase production capacity, particularly for the home and personal care products as well as the new skincare and cosmetic product lines. HK\$1 million has been used on product research and development under the co-operation agreement with the NRCB. Additionally, the Group has invested HK\$2 million in setting up logistics centre while HK\$1.5 million was used on setting up regional sales and promotional offices in Shanghai and Fujian.

The Group had retained cash and cash equivalents of approximately HK\$27,717,000 as at the balance sheet date. As most of the retained cash was placed in Hong Kong Dollars short-term deposits with major banks in Hong Kong, exposure to exchange fluctuation is considered minimal. It is intended that future investments will be funded through the Group's retained cash resources.

As at December 31, 2000, the total shareholders' fund of the Group amounted to HK\$132,810,000. Total interest bearing borrowings of the Group were about HK\$23,389,000. Current ratio of the Group as at December 31, 2000 was 2.21 while that ratio as at December 31, 1999 was 1.11.



CHAIRMAN'S STATEMENT

Prospects

Looking ahead, the development of environmental friendly products will remain as one of the major emphases in the Group's business development plan. Research and development is the Group's proven core competence. In 2001, the Group will direct more efforts and resources to further strengthen its research and development capabilities, extend its sales network, diversify its product lines and also increase its production capacity.

Product Lines Diversification

Capitalizing on the Group's brandnames and sales network, Global Green will actively seek to diversify its product line. Conformance to the worldwide devotion to environmental protection, the Group will continue to develop safe and good quality environmental friendly products that are more compatible with the natural environment. The new skincare and cosmetic line made with natural ingredients debuted at the trade exhibition in Dalian in October 2000 will be launched in the PRC market in 2001. A new washing detergent will also be introduced into the Hong Kong market in May 2001.

Research and Development

Following the successful development of the phosphorous-free detergents, the Group will continue to invest in the research and development of new environmental friendly home and personal care products, industrial surfactants with different applications, and also new product lines such as skincare and cosmetic products.

Other than collaborating with reputed universities and institutions in Hong Kong and the PRC, the Group has established strategic alliance with Dr. Wan-Keung Wong, Dr. Nelson Cue and Dr. Edward Lam of Hong Kong University of Science and Technology for the production of "rhEGF". It is one of the genetic amino acids which was discovered by S. Cohen, an American Nobel Prize winner. "rhEGF" is effective to enhance the healing of surface wounds and can also be used in cosmetic application to delay aging process. This strategic alliance becomes leading edge in the cosmetic arena, superceding the lamb placenta applications in the past. The Group also plans to differentiate itself and stay ahead of its competitors in the future.

Sales Network

Building on the close relationship it has with its wholesaler and retailer customers in the PRC and Hong Kong, Global Green will continue to expand its sales network to maximize its market and geographical coverage in the PRC. To complement the launch of the new skincare and cosmetic line, the Group plans to appoint about 50 agents in the PRC in the coming years to assist the sales and marketing of the new product. Given that the Group's home and personal care product brands are strongly established in the PRC, the Group is prepared to further expand its sales network by setting up sales and promotional offices in major cities in the PRC. It also plans to invest approximately HK\$5 million to set up a logistics centre in Dongguan to support its product distribution. These sales network expansions will ensure the effective distribution of products to customers and in turn contribute to the increase in sales.

CHAIRMAN'S STATEMENT

Increasing Production Capacity

To support the introduction of new product lines and meet the anticipated growth in demand for its products, the Group will increase its production capacity and at the same time adopt measures to ensure it has the ability to provide products of the highest quality. The Group plans to set up an additional production line for industrial surfactants, three new production lines for home and personal care products and a fifth production line for skincare and cosmetic products. The Group's production capacity is expected to double after all the new production lines are in place.

Global Green had made many critical achievements in 2000. These achievements provide the strong base the Group requires to further develop its business in the future. Armed with proven expertise and well mapped out business development strategies, the Group is well positioned to exploit rising market opportunities and is looking forward to another fruitful year in 2001.

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 all its employees. 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 the management and all staff members for their continued commitment and contribution. Our gratitude also goes to our investors for their confidence in the Group. We promise to do our best in exploring all potential opportunities that will allow us to achieve business growth and maximize returns for shareholders.

Lau Jin Wei, Jim
Chairman

April 25, 2001