

FUTURE PLANS

Looking ahead, Global Green will continue to equip its three-pronged business strategy. Biotechnology continues to remain the Group's major business direction while traditional businesses contribute to a solid and recurring income source for the future development in biotechnology business. With highly advanced biotechnology laboratory, Global Green will further strengthen its research and development capability to develop the new biotechnology business which will generate strong momentum for a prosperous future.

In July 2002, Mr. Cheng Yu Tung and Mr. Ming Ka Fook invested in Global Green by subscribing 54,000,000 Shares, representing 11.71% of the Group's enlarged share capital. Approximately HK\$100 million from the net proceeds will be applied to expand the Group's business in Best Microorganism System ("BMS") biotech sewage treatment. Their investments marked a significant milestone for Global Green and fully demonstrated their confidence towards the Group's future prospects in biotechnology development.

I. Biotechnology Development

A. *BMS Biotech Sewage Treatment System*

Foreseeing a huge market demand, Global Green ventured into the new BMS biotech sewage treatment business in June 2002. Via the cooperation with a leading BMS provider in the PRC, the Group has localized its technology and was licensed to develop the system both in Hong Kong and Singapore. The new system enables users to purify wastewater through a bio-chemical process. Not only will the Group gain revenues for systems installation, it will also receive monthly fees from customers, generating a recurring source of income for the Group. In the current initial stage, the Group is negotiating with a number of restaurant chain stores and property developers to promote the system for implementation. It will first penetrate the Hong Kong market followed by the extension into Singapore.

B. *Industrial Enzymes*

With regard to the industrial enzymes jointly developed with the Hong Kong University, a new production facility has been constructing adjacent to its Dongguan plant. The latest state-of-the-art equipment will be imported from overseas to enhance the Group's research and development capabilities. Leveraging its patented technology to produce the industrial enzymes, production cost for industrial surfactants can be reduced as much as 50%, which is expected to streamline operating efficiencies. Full-scale operation will begin in early 2003.

FUTURE PLANS (Cont'd)**II. Product Diversification**

In line with increasing market demand, the Group continues to broaden its product range for home and personal care products as well as industrial surfactants. With regard to the strong market response to MB, Global Green expanded its product portfolio to the make-up spectrum. 7 types of products encompassing 30 stock keeping units including lipstick, compact, eye shadow, blush on, mascara, liquid make-up and cake make-up were inaugurated in July 2002. The Group will also introduce a new Oil Balancing line, with 7 new products to be launched in mid-August 2002. These products will be initially launched in Hong Kong followed by the PRC market. To arouse brand awareness, a series of promotional campaigns such as sponsorship for "Miss Hong Kong Pageant 2002" have been carried out.

FUTURE PLANS (Cont'd)**III. Market Expansion**

Tremendous effort has been placed into expanding MB's sales network during the first half of 2002. Driving for business expansion, the Group plans to further extend its sales network to a total of 15 and 40 outlets in Hong Kong the PRC respectively by the end of 2002. Looking to the future, Global Green strives to create a region-wide coverage, targeting to establish up to 20 outlets in Hong Kong and 100 outlets in the PRC by 2003. As for home and personal care products, a series of household products such as washing powder, collar detergent, bathroom cleanser, softener, floor cleanser, etc. marketed under the "Tinolux" brand will be launched in Hong Kong to further expand its market share.

IV. Strengthening Production Capacities

The new production complex adjacent to the Dongguan plant commenced operations in July 2002. Apart from the production of enzymes, it will also cater for logistics arrangements and general administration. In addition, sales of its industrial surfactants saw significant increases during recent months, indicating strong continuing demand from the industry. Responding to this demand, Global Green will install 2 additional production lines, with an investment amounting to approximately HK\$10 million. Upon completion in the fourth quarter of 2002, the Group's production capabilities will increase a further 50%. It is expected to become one of Global Green's strong impetuses in the coming years.

LIQUIDITY AND FINANCIAL RESOURCES

The Company retained cash or cash equivalent of approximately HK\$126.01 million as at the balance sheet date. As most of the retained cash was placed in Renminbi and Hong Kong Dollar short-term deposits with major banks in the PRC and Hong Kong, exposure to exchange fluctuations has been minimal. Shareholders' fund as at 30 June 2002 was HK\$473.57 million compared from that of HK\$294.50 million as at 31 December 2001, representing an increase of HK\$179.07 million or 60.80%.

Turnover periods of the Group's inventory and creditors were 45 days and 27 days respectively and were consistent with the Group's existing policy. Debtor's turnover period was reduced to 65 days from that of 84 days for the year ended 31 December 2001 due to tighter credit control policy. Tranche 1 Bond of the 2.5% convertible bonds issued to Credit Suisse First Boston (Hong Kong) Limited was fully converted into ordinary shares of the Company in May 2002. Thus, debt to equity ratio (total debt over shareholders' equity) and gearing ratio (total interest bearing debt over total assets) were improved respectively to 8.92% and 7.02%. Current ratio and quick ratio were 2.59 and 1.14 respectively whilst interest cover was 99.70 times.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2002, the Group had 325 salaries employees of which 280 and 45 were stationed respectively in the PRC and in Hong Kong. Total remuneration paid during the period was approximately HK\$4.63 million.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK3 cents (2001: Nil) for every share held by members of the Company whose names appear on the register of members of the Company at the close of business on 18 October 2002 for the six months ended 30 June 2002. The Board expects that the interim dividend declared will be paid on or about 28 October 2002.

BONUS ISSUE OF SHARES

The Board also resolved that a bonus issue of ordinary shares to shareholders of the Company on the basis of one bonus shares for every five shares of HK\$0.10 each (2001: Nil) held by members of the Company whose names appear on the register of members of the Company at the close of business on 18 October 2002 (the "Eligible Members"). The Board expects that the share certificates will be sent to the Eligible Members by ordinary post and at their own risk on or about 31 October 2002.

CLOSURE OF REGISTER OF MEMBERS

The register of members will close from 19 October 2002 to 24 October 2002, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend and the bonus shares, transfer forms accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Registrar, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong not later than 4:00 p.m. on 18 October 2002.

DIRECTORS' INTERESTS IN SHARES AND WARRANTS

At 30 June 2002, the interests of the directors in the share capital and warrants of the Company or its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")) as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance, were as follows:

Ordinary shares of the Company

Name of director	Notes	Number of ordinary shares of HK\$0.10 each held and nature of interest		
		Personal	Family	Corporate
Mr. Lau Jin Wei, Jim	(1)	2,000,000	67,260,000	—
Mr. Choi Woon Man	(2)	—	—	61,140,000
Mr. Li Kwong Mo, Peter		200,000	—	—
Ms. Wong Wai Kwan, Connie		218,000	—	—
		<u>218,000</u>	<u>—</u>	<u>—</u>

Warrants of the Company

Name of director	Notes	Number of warrants held and nature of interest		
		Personal	Family	Corporate
Mr. Lau Jin Wei, Jim	(1)	150,000	13,200,000	—
Mr. Choi Woon Man	(2)	—	—	6,600,000
		<u>150,000</u>	<u>13,200,000</u>	<u>6,600,000</u>

The interests of the directors in the share options of the Company are separately disclosed in the section "Share option scheme" below.

Notes:

- (1) The 67,260,000 ordinary shares and 13,200,000 warrants are owned 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.
- (2) The 61,140,000 ordinary shares and 6,600,000 warrants are owned by Inviting Finance Limited ("IFL"), a company incorporated in the British Virgin Islands. The entire share capital of IFL is owned by Mr. Choi Woon Man.

In addition to the above, certain directors have non-beneficial personal equity interests in certain subsidiaries of the Company held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, none of the directors or their associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or any of its associated corporations as defined in the SDI Ordinance during the Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed under the heading "Share option scheme" below, at no time during the Period were the rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

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 a new share option scheme (the "New Scheme") was adopted. Upon termination of the Old Scheme, no further share options can be granted thereunder but in all other respects, the provisions of the Old Scheme remained in force and all share options granted prior to such termination continued to be valid and exercisable in accordance therewith. At 30 June 2002, there were 7,928,375 and 2,000,000 share options remained outstanding under the Old Scheme and the New Scheme, respectively.

Particulars of the share options under the Old Scheme during the Period is as follows:

Name or category of participant	Number of share options				Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK\$	Closing price of Company's shares ***	
	At 1 January 2002	Granted during the Period	Exercised during the Period	At 30 June 2002				At grant date of options HK\$	At exercise date of options HK\$
Executive directors									
Mr. Lau Jin Wei, Jim	3,750,000	—	(1,250,000)	2,500,000	4 January 2001	4 January 2001 to 3 January 2004	0.80	0.98	1.28
Mr. Choi Woon Man	1,250,000	—	(468,000)	782,000	4 January 2001	4 January 2001 to 3 January 2004	0.80	0.98	1.30
Mr. Li Kwong Mo, Peter	4,500,000	—	(500,000)	4,000,000	4 January 2001	4 January 2001 to 3 January 2004	0.80	0.98	1.30
Ms. Wong Wai Kwan, Connie	833,375	—	(418,000)	415,375	4 January 2001	4 January 2001 to 3 January 2004	0.80	0.98	1.28
Mr. Hui Man, Herman (Note)	3,375,000	—	(3,375,000)	—	4 January 2001	4 January 2001 to 3 January 2004	0.80	0.98	1.30
	13,708,375	—	(6,011,000)	7,697,375					

Note: The share options held by Mr. Hui Man, Herman were fully exercised prior to his resignation as executive director of the Company on 31 January 2002.

SHARE OPTION SCHEME (Cont'd)

Name or category of participant	Number of share options				Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK\$	Closing price of Company's shares ***	
	At 1 January 2002	Granted during the Period	Exercised during the Period	At 30 June 2002				At grant date of options HK\$	At exercise date of options HK\$
Non-executive director									
Professor Ouyang Fan	100,000	—	(100,000)	—	5 January 2001	5 January 2001 to 4 January 2004	0.81	1.09	2.23
Independent non-executive directors									
Mr. Ou Ying Ji	100,000	—	(100,000)	—	5 January 2001	5 January 2001 to 4 January 2004	0.81	1.09	2.23
Mr. Yip Wai Leung, Jerry	100,000	—	—	100,000	4 January 2001	4 January 2001 to 3 January 2004	0.80	0.98	N/A
	200,000	—	(100,000)	100,000					
Other employees									
In aggregate	388,000	—	(257,000)	131,000	4 January 2001	4 January 2001 to 3 January 2004	0.80	0.98	1.83
	4,700,000	—	(4,700,000)	—	16 November 2001	16 November 2001 to 15 November 2004	1.30	1.61	1.42
	5,088,000	—	(4,957,000)	131,000					
Share options under the Old Scheme	19,096,375	—	(11,168,000)	7,928,375					

Particulars of the share options under the New Scheme during the Period is as follows:

Name or category of participant	Number of share options				Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK\$	Closing price of Company's shares ***	
	At 1 January 2002	Granted during the Period	Exercised during the Period	At 30 June 2002				At grant date of options HK\$	At exercise date of options HK\$
Suppliers of goods or services, customers and others									
In aggregate	30,760,000	—	(30,760,000)	—	24 December 2001	24 December 2001 to 23 December 2004	1.40	1.33	1.53
	—	35,400,000	(33,400,000)	2,000,000	22 March 2002	22 March 2002 to 21 March 2005	1.59	1.59	1.92
	<u>30,760,000</u>	<u>35,400,000</u>	<u>(64,160,000)</u>	<u>2,000,000</u>					

SHARE OPTION SCHEME (Cont'd)

- * The vesting period of the share options is from the date of the grant until the commencement of the exercise period.
- ** The exercise price of the share options is subject to adjustment in the case of a capitalisation issue of profits or reserves, rights issue, consolidation, sub-division or reduction of the Company's share capital.
- *** The price of the Company's shares disclosed as at the date of the grant of the share options is the closing price on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the trading day immediately prior to the date of the grant of the options. The price of the Company's shares disclosed as at the date of the exercise of the share options is the weighted average of the Stock Exchange's closing prices over all of the exercises of options within the disclosure category.

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time as the share options are exercised, and no charge is record in the profit and loss account or the balance sheet for their cost. 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 are cancelled prior to their exercise date are deleted from the register of outstanding share options.

The directors do not consider it appropriate to disclose a theoretical value of the share options granted during the Period because in the absence of a readily market value of the share options on the ordinary shares of the Company, the directors were unable to arrive at an assessment of the value of these share options.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2002, the following interests of 10% or more in the issued share capital of the Company were recorded in the register of interests required to be kept by the Company, pursuant to Section 16(1) of the SDI Ordinance:

Name	Number of ordinary shares held	Percentage of the Company's share capital
MWC	67,260,000	16.53
IFL	<u>61,140,000</u>	<u>15.03</u>

Save as disclosed above, no person, other than the directors of the Company whose interests are set out in the section "Directors' interests in shares and warrants" above, had registered an interest in the share capital of the Company that was required to be recorded under Section 16(1) of the SDI Ordinance as at 30 June 2002.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Period.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), throughout the accounting period covered by the interim report, except that the non-executive director and the independent non-executive directors of the Company are not appointed for a specific terms as required by paragraph 7 of the Code, but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's articles of association.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

Information that is required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be released on the Stock Exchange of Hong Kong Limited's website on or about 4 September 2002.

APPRECIATION

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

By order of the Board
Lau Jin Wei, Jim
Chairman

Hong Kong
27 August 2002