

# CHAIRMAN'S STATEMENT

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On behalf of the Board, I am pleased to announce the annual results of Global Green Tech Group Limited ("Global Green" / "the Group") for the year ended 31 December 2003.

## BUSINESS REVIEW

Turnover for the year ended 31 December 2003 was HK\$633.59 million, representing a decrease of 6.09% from that of HK\$674.70 million in the preceding year. Profit attributable to shareholders decreased from HK\$145.41 million (restated) in 2002 to HK\$92.24 million in 2003.

## OPERATIONAL REVIEW

### I. Home and Personal Care Products

During the year under review, home and personal care products recorded a turnover of HK\$276.73 million contributing 43.68% to the total turnover. Owing to the outbreak of SARS, the performance of home and personal care products was generally affected. However, due to the increased awareness for personal and environmental hygiene and the government's continuous call for better hygiene, the demand for certain products including bleach, disinfectant and other antiseptic-related household cleaning products increased during March to May 2003. During the review year, the Group launched 50 new home and personal care products in 2003, building up a diversified portfolio of over 170 product types to capture the market demand.

### II. Industrial Surfactants

During the year under review, the Group launched 32 new products in the market, bringing the total portfolio to 75 product types, which recorded a revenue of HK\$192.92 million constitute nearly 30.45% of the Group's turnover. During the review year, there was a continuous and steep rise in crude oil prices in the lead up to the war in Iraq, resulting the Group's petroleum-based raw materials experienced a price increase. In order to keep the Group's competitiveness under the tough business environment, the Group did not transfer the incurred extra cost to customers, which inevitably eroded business margins and profitability. Currently, the Group's 7 existing production lines are being fully utilized, limiting its capacity to process new orders; the Group therefore invested approximately HK\$100 million to set up a new manufacturing base with 6 additional production lines adjacent to the existing plant in Dongguan. Production capacity is expected to be boosted by 300% with the commencement of operations at the new base in the first half of 2004, enabling the Group to take full advantage of this surge in demand.

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## III. Cosmetics and Skincare – Marjorie Bertagne (“MB”)

The sales of MB in Hong Kong and the PRC were hard hit by the slow down in consumer activity during the SARS outbreak in March 2003 onwards. Currently, there are a total of 15 counters in Hong Kong and Macau, and 85 in the PRC selling these products. In addition, a new skin care product series – a Contour Lift Serum was launched, rounding off the Group’s comprehensive product portfolio. The Group’s production facilities consist of a HK\$15 million GMP compliant manufacturing plant with 5 production lines. This operation commenced in March 2003, and has become an official standard for cosmetic manufacturers in the PRC. These factors have combined to establish the Group as a pioneer in China’s skin care manufacturing industry.

## IV. Biotechnology Products

Sales of biotechnology products account for 8.46% of the Group’s turnover, representing an increase of 22.85% as compared to last year’s figure. Apart from the development of “hEGF” with the HKUST, the Group has been committed to developing other biotechnology projects, such as industrial enzymes, in a joint development with the University of Hong Kong, and L-Lactic Acid. The production of L-Lactic Acid shares the same state-of-the-art facilities with enzymes, which maximizes overall efficiencies. Full-scale operations will commence in second quarter of 2004. The Group’s dominant position as a specialist in the biotechnology industry, has earned it the title “Hi-Tech Enterprise of Guangdong Province” awarded by the Department of Science and Technology of Guangdong Province. This honour not only highlights the public confidence enjoyed by the Group, it also enables the Group to receive concessions from income tax.

## PROSPECTS

With the effects of the Iraq war and SARS wore off, the Group expects a steady improvement of the global economy, leading an upswing of the business performance of its’ core businesses, home and personal care products as well as industrial surfactants. Leveraging its vast industry experience and strong product development capabilities, the Group will continue to develop more new products. In addition, the expanded production capacity of industrial surfactants will allow the Group to cater to surging market demand. In order to improve the business margin, the Group will also review the price of all series of products to alleviate the effect of the potential rise in crude oil prices.

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In view of the rising interest in biotechnology among hi-tech businesses, the Group has been taking huge leaps forward in business diversification to keep abreast of global trends. With its unparalleled R&D expertise, coupled with its sophisticated facilities, the Group remains at the forefront of industry developments. Looking to the future, the Group is poised to explore more hi-tech based biotechnology projects, introducing innovative products with high market potential and an extensive range of applications. The Group was also nominated as a "Post-doctoral Working Station" by the PRC's Ministry of Personnel in February 2004, according the Group' national recognition in the industry.

In view of the market potential of the cosmetics products the Group is well positioned to extent MB's market presence by establishing new outlets in the PRC. A series of 19 product lines will also be launched in 2004, bringing a total of 94 comprehensive products types to response different market needs.

## 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 generate fruitful returns for our valued shareholders.

By Order of the Board

**Lau Jin Wei, Jim**  
*Chairman*

23 April 2004