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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

ANNUAL RESULTS

The Directors of Global Green Tech Group Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2008

	Note	**2008** *HK$'000*	2007 *HK$'000*
Turnover	4,5	**1,339,707**	1,071,833
Cost of sales		**(846,911)**	(526,571)
Gross profit		**492,796**	545,262
Valuation gain on investment properties		**–**	3,013
Other revenue and net income	6	**160,531**	107,461
Selling and distribution expenses		**(100,267)**	(83,782)
General and administrative expenses		**(404,408)**	(138,996)
Profit from operations		**148,652**	432,958
Finance costs	7(a)	**(63,592)**	(14,377)
Profit before taxation	7	**85,060**	418,581
Income tax	8(a)	**(51,495)**	(60,122)
Profit for the year		**33,565**	358,459
Attributable to:			
Equity holders of the Company		**8,187**	311,772
Minority interests		**25,378**	46,687
Profit for the year		**33,565**	358,459
Earnings per share			
Basic	9(a)	**HK$0.0065**	HK$0.2785
Diluted	9(b)	**HK$0.0065**	HK$0.2571

CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
Non-current assets			
Goodwill		**645,566**	459,428
Property, plant and equipment		**1,484,614**	1,085,699
Investment properties		**25,181**	23,500
Prepaid lease payments for land under operating leases		**178,602**	172,964
Intangible assets		**36,655**	27,563
Deposits for acquisition of property, plant and equipment		**175,624**	173,737
Deposits for acquisition of intangible assets		**–**	14,070
Other deposits and club debenture		**170**	170
		2,546,412	1,957,131
Current assets			
Prepaid lease payments for land under operating leases		**3,117**	2,966
Financial assets at fair value through profit or loss		**29,995**	198,786
Inventories		**94,880**	51,217
Trade and other receivables	10	**240,492**	166,762
Loan receivables		**63,142**	185,437
Fixed bank deposits		**5,000**	42,733
Cash and cash equivalents		**187,919**	472,989
		624,545	1,120,890
Current liabilities			
Trade and other payables	11	**(81,501)**	(163,572)
Current portion of convertible preference shares		**(199,431)**	–
Current portion of long-term bank loans		**(180,000)**	(60,000)
Current portion of obligations under finance leases		**(32)**	(39)
Tax payable		**(21,820)**	(44,885)
		(482,784)	(268,496)
Net current assets		**141,761**	852,394
Total assets less current liabilities		**2,688,173**	2,809,525
Non-current liabilities			
Long-term bank loans		**–**	(180,000)
Obligations under finance leases		**(5)**	(34)
Deferred tax liabilities		**(1,106)**	(826)
Convertible preference shares		**–**	(134,191)
		(1,111)	(315,051)
NET ASSETS		**2,687,062**	2,494,474
CAPITAL AND RESERVES			
Share capital		**133,321**	118,334
Reserves		**2,486,887**	2,255,459
Total equity attributable to equity holders of the Company		**2,620,208**	2,373,793
Minority interests		**66,854**	120,681
TOTAL EQUITY		**2,687,062**	2,494,474

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2008

	Attributable to equity holders of the Company											
	Share capital	Share premium	Capital reserve	Capital redemption reserve	Share-based compensation reserve	Statutory reserve	Exchange fluctuation reserve	Convertible preference share reserve	Retained profits	Total	Minority interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2007	104,658	784,877	900	–	11,325	18,694	22,425	–	791,028	1,733,907	7,954	1,741,861
Exercise of warrants	8,549	74,930	–	–	–	–	–	–	–	83,479	–	83,479
Exercise of share options	5,127	52,078	–	–	(11,640)	–	–	–	–	45,565	–	45,565
Transfers of reserves	–	–	–	–	–	70,111	–	–	(70,111)	–	–	–
Equity settled share-based payments transactions	–	–	–	–	9,239	–	–	–	–	9,239	–	9,239
2006 final dividend paid	–	–	–	–	–	–	–	–	(32,772)	(32,772)	–	(32,772)
Exchange difference on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	30,709	–	–	30,709	–	30,709
Acquisition of additional interest in a subsidiary	–	–	165,259	–	–	–	–	–	–	165,259	66,040	231,299
Issue of convertible preference shares of a subsidiary	–	–	–	–	–	–	–	26,635	–	26,635	–	26,635
Profit for the year	–	–	–	–	–	–	–	–	311,772	311,772	46,687	358,459
At 31 December 2007 and 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
Exercise of warrants	4,699	56,385	–	–	–	–	–	–	–	61,084	–	61,084
Exercise of share options	10,588	126,037	–	–	(21,702)	–	–	–	–	114,923	–	114,923
Equity settled share-based payments transactions	–	–	–	–	37,596	–	–	–	–	37,596	–	37,596
Share options lapsed during the year	–	–	–	–	(64)	–	–	–	64	–	–	–
Repurchase of shares:												
– Par value paid	(300)	–	–	300	–	–	–	–	(300)	(300)	–	(300)
– Premium paid	–	(1,402)	–	–	–	–	–	–	–	(1,402)	–	(1,402)
Acquisition of interest from minority shareholders	–	–	–	–	–	–	–	–	–	–	(79,205)	(79,205)
Transfers of reserves	–	–	–	–	–	21,316	–	–	(21,316)	–	–	–
Exchange difference on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	26,327	–	–	26,327	–	26,327
Profit for the year	–	–	–	–	–	–	–	–	8,187	8,187	25,378	33,565
At 31 December 2008	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

Notes:

1. **BASIS OF PREPARATION**

The financial statements have been prepared in accordance with the same accounting policies adopted in the 2007 annual financial statements, except for the changes in accounting policies set out in note 2. The financial statements have been reviewed by the Company's audit committee. The financial information set out in this announcement does not constitute the Group's statutory financial statements for the year ended 31 December 2008, but is derived from those financial statements.

2. **SIGNIFICANT ACCOUNTING POLICIES**

a) **Statement of compliance**

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("SEHK"). A summary of the significant accounting policies adopted by the Company and its subsidiaries (collectively referred to the "Group") is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for current accounting period of the Group and the Company. Note 3 provides information on the changes in accounting policies resulting from initial application of these developments to the extent they are relevant to the Group for the current and prior accounting periods reflect in these financial statements.

b) **Basis of preparation of the financial statements**

The consolidated financial statements for the year ended 31 December 2008 comprise the Company and its subsidiaries.

The preparation of financial statements are conformity to HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2008

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new HKFRSs, HKASs and interpretations which are not yet effective for the year ended 31 December 2008 and which have not been adopted in the financial statements.

The new standards, amendments to standards and interpretations have been issued but are not effective for year ended 31 December 2008 and have not been early adopted by the Group are as follows:

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of financial statements[2]
HKAS 23 (Revised)	Borrowing costs[2]
HKAS 27 (Revised)	Consolidated and separate financial statements[3]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation[2]
HKAS 39 (Amendment)	Eligible hedged items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate[2]
HKFRS 2 (Amendment)	Vesting conditions and cancellations[2]
HKFRS 3 (Revised)	Business combinations[3]
HKFRS 7 (Amendment)	Improving disclosures about financial instruments[2]
HKFRS 8	Operating segments[2]
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded derivatives[4]
HK(IFRIC) – Int 13	Customer loyalty programmes[5]
HK(IFRIC) – Int 15	Agreements for the construction of real estate[2]
HK(IFRIC) – Int 16	Hedges of a net investment in foreign operation[6]
HK(IFRIC) – Int 17	Distributions of non-cash assets to owners[3]
HK(IFRIC) – Int 18	Transfers of assets from customers[7]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.
2 Effective for annual periods beginning on or after 1 January 2009.
3 Effective for annual periods beginning on or after 1 July 2009.
4 Effective for annual periods ending on or after 30 June 2009
5 Effective for annual periods beginning on or after 1 July 2008.
6 Effective for annual periods beginning on or after 1 October 2008.
7 Effective for transfers of assets from customers received on or after 1 July 2009.

The application of HKFRS 3 (Revised) may affect the Group's accounting treatment for business combinations for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. TURNOVER

The principal activities of the Group are manufacturing and sale of household products, industrial products, cosmetics and skincare products and biotechnology products with medical and cosmetic applications, provision of loan financing services and investment and/or trading in marketable securities, bonds, foreign currencies, various funds and other income generated fixed assets's portfolios.

Turnover represents the sales value of goods supplied to customers net of value added tax, sales returns and discount. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Household products	**132,420**	167,191
Industrial products	**422,248**	296,395
Cosmetics and skincare products	**617,390**	583,267
Biotechnology products	**8,532**	7,781
Investments	**159,117**	17,199
	1,339,707	1,071,833

5. SEGMENT REPORTING

Primary reporting format – business segments

	Household products		**Industrial products**		**Cosmetics and skincare products**		**Biotechnology products**		**Investments**		**Consolidated**	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	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	**132,420**	167,191	**422,248**	296,395	**617,390**	583,267	**8,532**	7,781	**159,117**	17,199	**1,339,707**	1,071,833
Segment results	**49,380**	42,442	**72,923**	72,738	**271,791**	296,891	**873**	1,580	**(199,728)**	20,773	**195,239**	434,424
Unallocated operating income and expenses											**(46,587)**	(1,466)
Profit from operations											**148,652**	432,958
Finance costs											**(63,592)**	(14,377)
Profit before taxation											**85,060**	418,581
Income tax											**(51,495)**	(60,122)
Profit for the year											**33,565**	358,459
Depreciation	**11,420**	16,218	**30,144**	25,175	**42,442**	34,141	**536**	601	**–**	–	**84,542**	76,135
Amortisation	**–**	2,802	**–**	4,350	**2,827**	2,584	**7,726**	104	**–**	–	**10,553**	9,840
Loss on disposal of property, plant and machinery	**65**	593	**102**	920	**–**	–	**–**	21	**–**	–	**167**	1,534
Net unrealised (gain)/loss on financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**–**	–	**167,986**	(27,342)	**167,986**	(27,342)
Write-down of inventories	**–**	–	**73,685**	–	**–**	–	**–**	–	**–**	–	**73,685**	–
Reversal of write-down inventories	**–**	(73)	**–**	(113)	**–**	(2,467)	**–**	(3)	**–**	–	**–**	(2,656)
Impairment loss on trade and other receivables	**16,150**	3,435	**25,070**	5,333	**–**	–	**–**	127	**–**	–	**41,220**	8,895
Write off of bad debts	**5**	49	**14**	75	**–**	1,952	**1**	2	**–**	–	**20**	2,078
Bad debts recovery	**–**	(45)	**–**	(70)	**–**	(6,128)	**–**	–	**–**	–	**–**	(6,243)

	Household products		Industrial products		Cosmetics and skincare products		Biotechnology products		Investments		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**311,016**	298,143	**831,942**	462,810	**1,266,474**	1,183,698	**48,595**	35,755	**91,908**	386,644	**2,549,935**	2,367,050
Investment properties											**25,181**	23,500
Cash and cash equivalents											**192,919**	472,989
Other unallocated assets											**402,922**	214,482
Total assets											**3,170,957**	3,078,021
Segment liabilities	**13,907**	41,511	**37,200**	69,075	**244,530**	89,721	**–**	–	**1,024**	959	**296,661**	201,266
Unallocated liabilities											**187,234**	382,281
Total liabilities											**483,895**	583,547
Capital expenditure	**126,161**	11,421	**195,843**	17,728	**88,667**	129,739	**–**	423	**–**	–	**410,671**	159,311
Unallocated capital expenditure											**738**	1,808
											411,409	161,119

6. OTHER REVENUE AND NET INCOME

	2008	2007
	HK$'000	*HK$'000*
Other revenue:–		
Government grants	**–**	823
Bank interest income	**4,975**	4,094
Loan interest income	**3,735**	8,767
Other interest income	**237**	205
Rental income from operating leases	**3,436**	2,539
Reversal of write-down of inventories	**–**	2,656
Bad debts recovery	**731**	6,243
Sales of scrap materials	**–**	1,063
Others	**3,991**	1,596
	17,105	27,986
Other net income:–		
Net unrealised gain on financial assets at fair value through profit or loss	**–**	27,342
Net exchange gain	**143,426**	52,133
	143,426	79,475
	160,531	107,461

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

		2008	2007
		HK$'000	*HK$'000*
a)	**Finance costs**		
	Interest expense on bank advances and other borrowings wholly repayable within five years	**63,438**	13,815
	Finance charges on obligations under finance leases	**4**	4
	Other borrowing costs	**150**	558
		63,592	14,377
b)	**Staff costs (excluding directors' remuneration)**		
	Salaries, wages and other benefits	**60,421**	47,580
	Equity settled share-based payment expenses	**37,367**	9,180
	Contributions to defined contribution retirement plans	**1,207**	552
	Unutilised annual leave	**–**	223
		98,995	57,535
c)	**Other items**		
	Auditors' remuneration	**8,933**	4,006
	Cost of inventories	**547,440**	438,552
	Depreciation		
	– assets held under finance leases	**18**	18
	– other assets	**84,524**	76,117
	Amortisation		
	– prepaid lease payments for land under operating leases	**3,117**	2,851
	– intangible assets	**7,436**	6,989
	Loss on disposal of property, plant and equipment	**167**	1,534
	Impairment loss on trade and other receivables	**41,220**	8,895
	Write off of bad debts	**20**	2,078
	Operating lease charges: minimum lease payments		
	– property rentals	**10,301**	6,901
	Research and development costs	**22,817**	6,306
	Valuation loss on financial assets at fair value through profit or loss	**167,986**	–
	Write-down of inventories	**73,685**	–

8. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

a) Income tax in the consolidated income statement represents:

	2008	2007
	HK$'000	*HK$'000*
Current tax – Hong Kong profits tax		
Provision for the year	**201**	2,151
Over-provision in prior years	**(72)**	–
	129	2,151
Current tax – Overseas income tax		
Provision for the year	**51,086**	50,220
Deferred tax		
Origination of temporary differences	**280**	7,751
	51,495	60,122

Provision for Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) on the estimated assessable profits for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

b) Reconciliation between tax expense and accounting profit at applicable tax rates is as follows:

	2008	2007
	HK$'000	*HK$'000*
Profit before taxation	**85,060**	418,581
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	**52,460**	119,811
Tax effect of non-deductible expenses	**18,634**	32,129
Tax effect of non-taxable income	**(16,943)**	(26,052)
Tax effect of movement in unrecognised temporary differences	**82**	(741)
Tax effect of unused tax losses not recognised	**46,841**	19,533
Tax effect of utilisation of tax losses not recognised	**–**	(3,350)
Preferential tax treatment (note)	**(52,549)**	(88,010)
Deferred tax assets overprovided in prior years	**–**	7,355
Deferred tax liabilities overprovided in prior years	**–**	(553)
Over-provision in prior years	**(72)**	–
Others	**3,042**	–
Tax expense for the year	**51,495**	60,122

Note:

Overseas tax provision is required to be made in respect of Dongguan Proamine Chemical Co., Limited ("Dongguan Proamine"), Dongguan Gao Bao Chemical Co., Limited ("Gao Bao Chemical"), Global Cosmetics (China) Co., Limited ("Global Cosmetics"), and Dongguan Polygene Biotech R&D Co., Limited ("Dongguan Polygene"), all of them are subsidiaries of the Company established in the PRC. In accordance with the relevant income tax rules and regulations, the enacted income tax rate was 33%. In accordance with the relevant income tax rules and regulations of Guangdong Province, Global Cosmetics was entitled to preferential tax treatment by reducing the Foreign Enterprise Income Tax ("FEIT") rate to 24%. After the implementation of New Law, the tax rate is unified at 25% for the year ended 31 December 2008.

Pursuant to a letter of approval issued by the local tax authority on 8 April 2005. Global Cosmetics was exempted from FEIT for the first two profitable years of its operations after offsetting prior years' losses and is entitled to a 50% reduction on the FEIT for the following three years. Global Cosmetics began its first two profitable years in the year ended 31 December 2004 and 2005, and is subject to PRC FEIT at a rate of 12% for each of the three years ended 31 December 2008. On 27 December 2007, Global Cosmetics was further awarded Hi-and-New Tech Enterprise of Guangdong Province ("高新技術企業外商投資企業") by the Guangdong Science and Technology Council. Due to the accreditation of this award Global Cosmetics enjoys a preferential income tax rate of 15% for years 2009 to 2013.

On 30 May 2003, Dongguan Proamine was accredited by the Department of Science and Technology of Guangdong Province as a Hi-and-New Tech Enterprise ("高新技術企業外商投資企業") of Guangdong Province. On 16 January 2004, Dongguan Proamine received a written confirmation from Dongguan Local Tax Bureau that it was entitled to a reduced income tax rate of 15% for the period from 1 January 2003 to 31 December 2005. On 1 June 2005, Dongguan Proamine continued to be accredited as a Hi-and-New Tech Enterprise of Guangdong Province and the income tax rate remained as 15% for two years. On 28 April 2007, Dongguan Proamine renewed its status as Hi-and-New Tech Enterprise of Guangdong Province and continued to enjoy income tax rate of 15% for two years. On 16 December 2008, Dongguan Proamine renewed its accredition as Hi-and-New Tech Enterprise of Guangdong Province for three years and it continued to enjoy preferential income tax rate of 15%.

Pursuant to a letter of approval issued by the local tax authority on 1 July 2005, Gao Bao Chemical was exempted from EIT for the first two profitable years of its operations after offsetting prior years' losses and are entitled to a 50% reduction on the EIT for the following three years. Gao Bao Chemical began its first profitable year in the year ended 31 December 2005 and obtained tax exemption for 2005 and 2006, and was entitled to a reduced income tax rate for 2007, 2008 and 2009.

9. EARNINGS PER SHARE

a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the Company of approximately HK$8,187,000 (2007: HK$311,772,000) and the weighted average of approximately 1,260,214,000 shares (2007: 1,119,389,000 shares) in issue during the year, calculated as follows:

	2008	2007
	'000	*'000*
Issued ordinary shares at 1 January	**1,183,346**	1,046,579
Effect of warrants exercised	**26,243**	45,677
Effect of share options exercised	**51,316**	27,133
Effect of share repurchased	**(691)**	–
Weighted average number of ordinary shares at 31 December	**1,260,214**	1,119,389

b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity holders of the Company of approximately HK$8,187,000 (2007: HK$311,772,000) and the weighted average number of diluted ordinary shares of approximately 1,264,945,000 shares (2007: 1,212,833,000 shares), calculated as follows:

	2008	2007
	'000	*'000*
Weighted average number of ordinary shares at 31 December	**1,260,214**	1,119,389
Effect of deemed issue of shares attributable to the Company's instrument of warrants	**–**	51,797
Effect of deemed issue of shares under the Company's share option scheme	**4,731**	41,647
Weighted average number of ordinary shares (diluted) at 31 December	**1,264,945**	1,212,833

10. TRADE AND OTHER RECEIVABLES

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**209,382**	105,620
Bills receivables	**2,040**	12,662
Prepayments, deposits and other receivables	**80,762**	58,100
	292,184	176,382
Less: Allowance for doubtful debts	**(51,692)**	(9,620)
	240,492	166,762

The aging analysis of the trade and bills receivables is as follows:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Within 30 days	**97,284**	100,681
31 – 60 days	**87,291**	6,492
61 – 90 days	**12,792**	4,531
Over 90 days	**14,055**	6,578
	211,422	118,282
Less: Impairment loss on trade receivables	**(30,574)**	(9,620)
	180,848	108,662

The normal credit period granted to the customers of the Group is 30 to 180 days (2007: 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.

Included in trade and bills receivables in the balance sheet are mainly the following amounts denominated in a currency other than the functional currency of the Company to which they relate:

	The Group	
	2008	2007
	'000	*'000*
Renminbi ("RMB")	**156,684**	100,384
United States Dollars ("US$")	**830**	744

The movement in the allowance for doubtful debts on trade and other receivables is as follows:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
At 1 January	**9,620**	14,307
Bad debts recovery	**–**	(6,243)
Impairment loss recognised during the year	**41,220**	903
Exchange adjustment	**852**	653
At 31 December	**51,692**	9,620

11. TRADE AND OTHER PAYABLES

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Trade payables	**36,540**	71,510
Bills payable	**–**	15,531
	36,540	87,041
Accrued liabilities and other payables	**44,961**	76,531
	81,501	163,572

The aging analysis of the trade and bills payable is as follows:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Within 30 days	**18,547**	45,872
31-60 days	**8,499**	23,954
61-90 days	**6,555**	8,128
Over 90 days	**2,939**	9,087
	36,540	87,041

Included in trade payables in the balance sheet are mainly the following amounts denominated in a currency other than the functional currency of the Company to which they relate:

	The Group	
	2008	2007
	'000	*'000*
RMB	**22,238**	60,348
US$	**1,136**	2,879
Great British Pound	**81**	–
Euro Dollars	**27**	–

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

2008 is a difficult year for the Group due to overall market depression and slowdown in PRC economic growth. However, the Group recorded a turnover of HK$1,339.71 million, representing an increase of 25% from that of HK$1,071.83 million a year ago. Gross profit was HK$492.80 million, representing a decrease of 9.62% from that of HK$545.26 million in the last year. Profit declined to HK$33.57 million, 90.63% drop from last year's HK$358.46 million. Basic earnings per share was HK$0.0065 (2007: HK$0.2785).

In 2008, while the Group strived to maintain the turnover of its core businesses, profit declined significantly due to the non-cash provision for unrealized loss on investment securities, provision for redemption money and interest payment on convertible preference shares issued by a subsidiary of the Group and general provision for receivables and inventories of the Group. The cosmetics and skincare business remained the Group's largest contributor to the revenues and net profits, and industrial products and household products continued to generate stable sales revenue for the Group.

OPERATIONAL REVIEW

I. Household Products

For the period under review, turnover of household products was HK$132.42 million, representing a decline of 20.80% from a year ago and accounting for 9.88% of the Group's total turnover.

The gross margin of this segment was gradually deteriorated by the fierce market competition. The Group will try to maintain its market share by competitive pricing and marketing strategy as long as it is profitable.

II. Industrial Products

For the year ended 31 December 2008, turnover of industrial products went up by 42.46% reaching HK$422.25 million, accounting for 31.52% of the Group's total turnover.

Industrial surfactants, with a long operation history and a strong customer base, used to be the Group's primary business. Despite the difficult operating environment in 2008 for PRC textile and garment industry who are our major clients, the Group was able to improve the profit margin through continuous implementation of cost control measures including production of industrial enzymes and development of substitute materials.

After years of R&D and completion of the construction of the production facility for industrial enzymes in 2008, the Group started selling industrial enzymes to customers in the first half of 2008. Although current PRC market of industrial enzymes for textile industry is dominated by foreign players, the Group is confident of being capable of grabbing market share over the time with good product quality and relatively lower price.

III. Cosmetics And Skincare Products

During the review period, turnover of cosmetics and skincare products rose 5.85% to HK$617.39 million, accounting for 46.08% of the Group's total turnover. This segment has become the key sales and profit driver of the Group.

The global financial crisis also resulted in a profound effect on the economy of PRC, causing weaker consumer demand due to a slowdown in economic growth, especially in the second half of 2008. In the first half year of 2008, although mainland China was hit by the countrywide snowstorm in February and Sichuan earthquake in May, the Group's business of own branded cosmetics and skincare products MB still strived to gain a continuous growth in revenue and profit with effective branding and promotion strategy. However, when entering into the second half of the year, being dragged by the much weaker PRC consumer sentiment caused by the global economic turmoil, the own branded cosmetics and skincare products business of the Group had a weaker performance.

With a state-of-the-art GMPC compliant production base and R&D expertise, the Group continued its expansion into the European and North American markets by providing ODM cosmetics and skincare products in the formats of gift and premium packages. This fast growing business registered a strong growth in sales again in 2008 despite globally weak consumer spending.

In May 2008, the quality assurance and control test centre of our major cosmetics subsidiary in the PRC, Global Cosmetics (China) Company Limited was granted the Laboratory Accreditation Certificate by The China National Accreditation Service for Conformity Assessment. With such accreditation, the Group is now capable of testing its own products and issuing the quality control assessment report, instead of engaging other third party laboratories recognised by The China National Accreditation Service for Conformity Assessment for such purpose, which will expedite the development and production process of our ODM and OEM products.

IV. Biotechnology Products

The biotechnology products business comprises mainly production of patented biotech raw materials for medical companies and internally consumption.

V. Investments

In 2008, the outbreak of the international financial turmoil has led to the sharp decline of all major equity indices globally. There was no exception for the Group's investment portfolio. The significant depreciation of the investment portfolio as at 31 December 2008 resulted in total amount of operating loss generated in this segment of HK$199.73 million as compared with operating profit of HK$20.77 million in the last year. As at 31 December 2008, total market value of marketable securities held by the Group amounted to HK$30 million.

ANALYSIS OF OPERATING EXPENSES

Selling and distribution expenses for the year ended 31 December 2008 amounted to HK$100.27 million representing 7.48% of turnover as compared with that of HK$83.78 million or 7.82% of turnover in the last year. As compared with last year, the amount spent on advertising and promotion of cosmetics and skincare products were increased by approximately HK$2.65 million. Staff salaries and commission were increased by approximately HK$3.09 million. Freight and delivery charges were increased by approximately HK$2.69 million due to increase in oil price and frequencies of transportation. Travelling expenses and sundry expenses were increased by approximately HK$7.76 million due to increase in frequencies of regular MB counter's inspection and the number of regional managers and inspection staffs.

General and administrative expenses was HK$404.41 million or 30.19% of turnover for the year ended 31 December 2008 as compared to that of HK$139 million or 12.97% of turnover in the last year, mainly due to increase in general provision for receivables of approximately HK$32.33 million, increase in provision for unrealised loss in market value of marketable securities of approximately HK$167.99 million, increase in repair and maintenance of GMP basis manufacturing plant of approximately HK$15.15 million, increase in rental expenses of approximately HK$3.38 million, increase in auditor remuneration of approximately HK$4.93 million owing to the spin-off of cosmetics business, adjustment for previous years' tax adjustment of approximately HK$2.99 million, increase in sundry expenses of approximately HK$2.18 million and provision for share-based payment expenses of approximately HK$37.6 million.

Total depreciation charges for fixed assets for the year ended 31 December 2008 amounted to HK$84.54 million (2007: HK$76.14 million), due to commencement of operation of the production plant for industrial enzymes.

Total amortisation for intangible assets and leasehold land for own use amounted to HK$10.55 million (2007: HK$9.84 million).

Finance costs for the year ended 31 December 2008 amounted to HK$63.59 million, mainly due to interest expenses on the syndicated loan of the Group and provision for interest expenses and redemption money on convertible preference shares issued by a subsidiary of the Group.

USE OF PROCEEDS FROM ISSUE OF SHARES AND WARRANTS

During the year, 105,877,000 share options were exercised at an average exercise price of HK$1.09 per ordinary share and 46,987,360 warrants were exercised at exercise price of HK$1.30 per ordinary share with gross cash proceeds of approximately HK$114.9 million and HK$61.1 million respectively, before any related expenses. The net proceeds from exercise of share options and warrants were used to finance general working capital requirement. The exercise of 105,877,000 share options and 46,987,360 warrants resulted in the issue of 152,864,360 additional ordinary shares of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained cash or cash equivalent of approximately HK$192.92 million as at the balance sheet date. The Group adopts conservative treasury policies in cash and financial management. Most of the retained cash was placed as Renminbi and Hong Kong Dollars short term deposits and therefore exposure to exchange fluctuations was minimal. The Group also invested in a combination of portfolio investments such as marketable securities, bonds, funds, foreign currencies and fixed income assets in order to increase the financial returns. Shareholders' funds as at 31 December 2008 was HK$2,620.21 million compared with that of HK$2,373.79 million as at 31 December 2007, representing an increase of HK$246.42 million or 10.38%.

By the announcement dated 12 September 2008, the Company entered into the acquisition agreement in relation to the sales and purchase of approximately 8.54% of the entire issued share capital of BBG at cash consideration of approximately HK$265.34 million. Goodwill aroused from the transaction was HK$186.14 million. The acquisition will increase earnings of the Group by the amount of the increase in Group's sharing of profits after tax of BBG and its subsidiaries from 84.6% to 93.2%.

The Group's capital expenditure for the year ended 31 December 2008 amounted to HK$411.41 million were funded from cash generated from operations and bank loans.

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

As at 31 December 2008, the Group's banking facilities had been utilized to the extent of approximately HK$180 million which included the syndicated loan.

The Group's inventory turnover period was reduced to 41 days. Debtor's and creditor's turnover periods were 47 days and 23 days respectively.

Debt to equity ratio (total interest bearing debts over shareholders' funds) and gearing ratio (total interest bearing debts over total assets) were 14.48% and 11.97% respectively whereas current ratio and interest coverage were 1.29 and 2.34 respectively.

PROSPECTS

New Business with Enormous Potential – Green Recycle Energy

Regarding the green energy recycling project (the "Project"), the Hong Kong Science and Technology Parks Corporation of the HKSAR Government granted a site of approximately 24,000 square metres in Yuen Long Industrial Estate at approximately HK$39.01 million for the Group to set up its recycle energy business. The Group has submitted application to Hong Kong Environmental Protection Department (EPD) and expects that the approval from EPD may be obtained in early second half of 2009. Construction work and commencement of production are tentatively scheduled in the fourth quarter of 2009 and third quarter of 2010 respectively. The Group believes that this business will become one of the major sources of revenue to the Group in the future.

The Group will first develop the Hong Kong market, mainly through wholesaling high quality petroleum and chemical (such as carbon black and/or active carbon) products to different clients including public transportation corporations. In the long run, the Group targets to expand the business to overseas markets under high oil price pressure, such as Singapore, Malaysia and Japan. The Group believes its development strategy will accelerate its growth and bring remarkable returns to shareholders.

Cosmetics And Skincare Products

Currently, the Group has both the retail line and professional line of product series which are under the Group's own brand name of "Marjorie Bertagne (MB)" and consistently develops and promotes new series of MB products. Besides, leveraging on our strong in-house product design and state-of-the-art production facilities, the Group is planning to launch another brand focusing on functional cleansing for younger generation of customers to capture more market shares. The Group expects to launch the new brand in PRC at the end of 2009 if the consumer market in PRC picks up in the second half of 2009.

Other than that, the Group also designs and produces high quality skincare products, colour cosmetics and toiletries for its ODM and OEM customers in Europe and United States at competitive prices. As part of the "one-stop service" of this ODM and OEM business, the Group also provides research, development, sourcing, merchandising and technical enquires to its customers.

Biotech Products

Through years of collaboration with R&D team in The University of Hong Kong as well as the grant from Innovation and Technology Fund of the HKSAR Government, the Group has successfully commercialized the production of the industrial enzymes. The Directors believe that this business will keep bringing revenues to industrial segment going forward due to the rising awareness of environmental protection issue by the PRC Government. The Group also believes that the production of industrial enzymes will greatly reduce its reliance on overseas import as well as production costs.

DIVIDEND

The Directors do not recommend payment of a final dividend for the year ended 31 December 2008 (2007: HK$nil).

AUDIT COMMITTEE

The Company's Audit Committee comprises three Independent Non-executive Directors, namely Mr. Ho Yik Leung, Mr. Lin Jian and Mr. Lee Pak Chung.

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 met twice during the year of 2008 in conjunction with the auditors to review the internal controls, interim results and final accounts of the Group prior to recommending them to the Board for approval.

EMPLOYEES 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 31 December 2008, the Group had 760 salaried employees of which 692 and 68 were stationed in the PRC and Hong Kong respectively. Total staff costs paid during the year was approximately HK$61.63 million.

CONTINGENT LIABILITY AND CHARGE ON GROUP ASSETS

The Group did not have any significant contingent liabilities as at 31 December 2008.

As at 31 December 2008, the banking facilities of the Group were secured by corporate guarantees executed by a subsidiary of the Group.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association and there are no restrictions against such rights under the laws in the Cayman Islands.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the year, the Company repurchased a total of 3,000,000 of its ordinary shares of HK$0.1 each on the Stock Exchange.

COMPLIANCE OF CODE OF CORPORATE GOVERNANCE PRACTICE OF LISTING RULES

The Company has adopted code of conduct governing securities transactions by directors and senior management of the Group on terms as set out in Appendix 10 to the Listing Rules (the "**Model Code**"). Having made specific enquiry of all directors, all directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2008.

During the year ended 31 December 2008, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "**CG Code**") except for the deviations as mentioned below:

– Code provision A.2.1 of the CG Code 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.

– Code provision A.4.1of the CG Code stipulated that non-executive directors should be appointed for a specific term and subject to re-election. None of the existing non-executive Directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the CG Code. However, they are subject to the retirement by rotation under the articles of association of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

As at the date of this announcement, the board of directors of the Company comprises the following members:

Executive Directors:
Mr. Lau Jin Wei, Jim
Mr. Bang Young Bae
Mr. Wong Ying Yin

Independent non–executive Directors:
Mr. Lin Jian
Mr. Ho Yik Leung
Mr. Lee Pak Chung

On behalf of the Board
Lau Jin Wei, Jim
Chairman

Hong Kong, 20 April 2009