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## **GLOBAL GREEN TECH GROUP LIMITED**

**高寶綠色科技集團有限公司\***

*(Incorporated in the Caymans Islands with limited liability)*

(Stock Code: 274)

### **DISCLOSEABLE TRANSACTION**

#### **DISPOSAL OF SHARES IN GLOBAL COSMETICS (HK) COMPANY LIMITED AND INTRA-GROUP LOAN IN GLOBAL COSMETICS (CHINA) COMPANY LIMITED**

On 18 April 2011 (after the trading hours of the Stock Exchange), Charmfame Investment Limited as the Purchaser, entered into the Agreement with Global Chemical Investment Limited, an indirect 93.2% owned subsidiary of the Company, as the Vendor whereby the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Shares, being the entire issued share capital of Global Cosmetics (HK), and the Intra-Group Loan at the Consideration of HK\$60,000,000 in aggregate. The Company intends to apply the proceeds to be generated from the Disposal to meet the general working capital requirements of the Group.

The Agreement has been completed on 18 April 2011 immediately after execution of the Agreement by the Vendor and the Purchaser.

As the highest of the relevant percentage ratios of the Disposal exceeds 5% but does not exceed 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements but is exempted from Shareholders' approval requirement under the Listing Rules.

Further to the announcement of the Company dated 25 January 2011 and 19 March 2011, the Board is pleased to announce that on 18 April 2011 (after the trading hours of the Stock Exchange), Charmfame Investment Limited as the Purchaser, entered into the Agreement with Global Chemical Investment Limited, an indirect 93.2% owned subsidiary of the Company, as the Vendor in relation to the Disposal.

\* *For identification purpose only*

## **THE AGREEMENT**

**Date:** 18 April 2011 (after the trading hours of the Stock Exchange)

**Parties:**

**Vendor:** Global Chemical Investment Limited, an indirect 93.2% owned subsidiary of the Company

**Purchaser:** Charmfame Investment Limited.

**Assets to be disposed of**

Pursuant to the Agreement, the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Shares, being the entire issued share capital of Global Cosmetics (HK), and the Intra-Group Loan.

**Consideration and Payment Terms**

The Consideration is HK\$60,000,000 in aggregate, being HK\$14,157,000 for the Sale Shares and HK\$45,483,000 for the Intra-Group Loan. The Consideration is determined after arm's length negotiation between the Company and the Purchaser with reference to the audited net assets value of the Disposal Group of HK\$14,157,000 and the audited outstanding amount of the Intra-Group Loan of HK\$45,843,000 as at 31 December 2010.

The Consideration shall be paid by the Purchaser to the Vendor in the following manner:

- (a) RMB20,000,000.00 has been paid by the Purchaser to the Vendor prior to the signing of the Agreement as a refundable amount to secure the exclusive right for performing the due diligence exercise on Global Cosmetics (HK), which shall form part of the purchase price and become non-refundable on the date of signing the Agreement;
- (b) HK\$20,000,000.00 shall be paid by the Purchaser to the Vendor upon signing of the Agreement; and
- (c) the remaining balance after payment of (a) and (b) above shall be paid by the Purchaser to the Vendor within 6 months from the signing of the Agreement.

**Other material term of the Agreement**

The Purchaser undertakes to the Vendor that it will ensure that the obligations and liabilities of Global Cosmetics (China) under the Guarantee shall continue until all the outstanding bank loans or facilities are fully settled.

## **Conditions precedent and effectiveness of the Agreement**

Completion of the Agreement shall be conditional upon:–

- (a) the Purchaser is satisfied with the results of the due diligence review on the Disposal Group;
- (b) the due release of the Charges;
- (c) if required, the approval having been obtained from the Stock Exchange of the transaction as contemplated by the Agreement; and
- (d) if required, all necessary approvals or consents from the relevant governmental or regulatory authorities in Hong Kong and elsewhere required by the parties or either of them for the consummation of the transactions hereby contemplated having been obtained under the applicable laws and regulations.

The Purchaser may, at its absolute discretion, waive all or any of the above conditions and such waiver may be made subject to such terms and conditions as determined by the Purchaser in its absolute discretion.

In the event that all the conditions of the Agreement are not fulfilled (or waived) and remain unfulfilled by 5:00 p.m. (Hong Kong time) on the 60th day commencing from 20th March 2011 (or such later date as may be agreed by the parties in writing), all rights, obligations and liabilities of the parties under this Agreement (save and except the obligation of the Vendor to return the money received to the Purchaser and those standard provisions relating confidentiality, cost and expenses, etc.) shall cease and determine and neither of the parties shall have any claim against the other provided that rights and liabilities of either of the parties which have accrued prior to termination shall subsist. The Vendor shall forthwith return the money received pursuant to paragraphs (a) and (b) above to the Purchaser without interest.

The effectiveness of the Agreement shall be subject to the final approval and confirmation of the duly board resolution of the Vendor, the regulator and/or the shareholders' meeting of the Vendor when necessary.

## **Completion**

Subject to fulfillment of the conditions of the Agreement as set out above, the Agreement shall be completed on or before the 60th day commencing from 20 March 2011 or such later date as the Vendor and the Purchaser may agree.

The Agreement has been completed on 18 April 2011 immediately after execution of the Agreement by the Vendor and the Purchaser.

## **INFORMATION ON THE DISPOSAL GROUP**

The Disposal Group is the manufacturing and distribution arm of the Group in its cosmetics and skincare business, which is indirectly owned as to 93.2% by the Company via the Vendor. Upon completion of the Disposal, both of Global Cosmetics (HK) and Global Cosmetics (China) shall cease to be subsidiaries of the Company.

Global Cosmetics (HK) is a company incorporated in Hong Kong incorporated with limited liability and is a wholly owned subsidiary of the Vendor. The principal business of Global Cosmetics (HK) is distribution and manufacturing of cosmetics and skincare products. Global Cosmetics (China) is a wholly-owned subsidiary of Global Cosmetics (HK). It is a company incorporated in the PRC with limited liability and its principal business is manufacturing of cosmetics and skincare products. As at 31 December 2010, Global Cosmetics (China) was indebted to the fellow subsidiaries of the Company in the amount of HK\$45,843,000

Set out below is the audited consolidated financial information of Global Cosmetics (HK) for the two years ended 31 December 2009 and 2010:

	<b>Year ended 31 December</b>	
	<b>2010</b>	<b>2009</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(audited)</b>	<b>(audited)</b>
Revenue	17,144	85,242
Net (loss) before taxation	(515,738)	(179,713)
Net (loss) after taxation	(515,738)	(185,835)

According to the audited consolidated financial information of Global Cosmetics (HK), Global Cosmetics (HK) has a net asset value of HK\$14,157,000 as at 31 December 2010.

## **FINANCIAL EFFECT OF THE DISPOSAL**

It is estimated that since the Consideration is equivalent to the audited net assets value of the Disposal Group and the audited outstanding amount of the Intra-Group Loan as at 31 December 2010 of approximately HK\$60,000,000 in aggregate, the Company will not record any gain or loss as a result of the Disposal. The Company intends to apply the proceeds to be generated from the Disposal to meet the general working capital requirements of the Group.

## **REASONS FOR AND BENEFIT OF THE DISPOSAL**

The reason for the Disposal is that the lack of management talent specializing in the management, brand promotion and brand building strategy of the distribution and manufacturing business of the cosmetic and skincare business of the Group that lead to a substantial loss in cosmetics and skincare products segment for the two years ended 31 December 2009 and 2010. The departure of the then management team of the Group's core cosmetic operation and as mentioned above coupled with the failure to attract management talent to assume the major responsibility in running the Group's cosmetics and skincare products segment business. In addition, the management of the Group is of the view that the Company does not have sufficient resources to continue the business of cosmetics and skincare segment for large scale distribution, advertising and promotion and manufacturing and new product development, which is being very capital intensive.

The above factors have led the Group to desire to dispose of this operation.

The Company considers that the Disposal as a good opportunity for the Company to reduce further loss in the Group's business segment in manufacturing and distribution of cosmetics and skincare products, to realize part of its investment and to recover the Intra-Group Loan. Moreover, the proceeds from the Disposal will strengthen the financial position of the Group and enhance its cashflow.

Having regard to the benefits resulting from the Disposal, the Directors consider that the terms of the Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **INFORMATION OF THE COMPANY, THE VENDOR AND PURCHASER**

### **Information of the Company**

The principal activity of the Company is investment holding. The activities of the principal subsidiaries of the Company include manufacturing and trading of cosmetics and skincare products, household products, industrial products, bio-technology products, energy recycling business, mining business and investment holding.

Subsequent to the Disposal, the Group, through its other subsidiaries, continues to own and operate a number of cosmetics and skincare products retail counters and beauty salons for provision of facial and body treatment services in Hong Kong and engage in the retailing and trading of cosmetics products in Hong Kong.

### **Information of the Vendor**

The Vendor is a company incorporated in the British Virgin Islands with limited liability and is an indirect 93.2% owned subsidiary of the Company.

## **Information of the Purchaser**

The Purchaser is a company incorporated in the British Virgin Islands with limited liability. It's principal business is investment holding. On 19 March 2011, the Company's 93.2% owned subsidiary, Bio Beauty Group Limited, entered into a trademark license agreement with the Purchaser as the licensee. Details of the trademark license agreement were set out in an announcement of the Company dated 19 March 2011. Save for the aforesaid, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

## **LISTING RULES IMPLICATIONS**

As the highest of the relevant percentage ratios of the Disposal exceeds 5% but does not exceed 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements but is exempted from Shareholders' approval requirement under the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions have the following meanings when used herein:

“Agreement”	The sale and purchase agreement dated 18 April 2011 entered into between the Vendor and the Purchaser for the sale and purchase of the Sale Shares
“Board”	the board of Directors of the Company
”Charges”	the deed of charge executed by the Vendor and Global Cosmetics (HK) in favour of an Independent Third Party pursuant to which the shares of Global Cosmetics (HK) and Global Cosmetics (China) Company Limited are charged to secure the repayment obligation of the Company of a loan facility of up to HK\$60 million made available to the Company
“Company”	Global Green Tech Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
“Consideration”	HK\$60,000,000 in aggregate, being HK\$14,157,000 for the Sale Shares and HK\$45,483,000 for the Intra-Group Loan

“Director(s)”	director(s) of the Company
“Transaction”	The disposal of the Sale Shares and the Intra-Group Loan pursuant to the Agreement
“Disposal Group”	Global Cosmetics (HK) Company Limited together with its wholly subsidiary, Global Cosmetics (China)
“Global Cosmetics (China)”	a company incorporated in the PRC with limited liability, which is a wholly-owned subsidiary of and the entire issued share capital of which is beneficially owned by Global Cosmetics (HK)
“Global Cosmetics (HK)”	a company incorporated in Hong Kong with limited liability and the entire issued share capital of which is beneficially owned by the Vendor
“Guarantee”	The guarantee executed by Global Cosmetics (China) on 25 May 2010 in favour of 中信銀行股份有限公司東莞分行 (Dongguan Branch of China CITIC Bank Corporation Ltd.*) (“CITIC Bank”) in relation to the credit facility granted by CITIC Bank to 東莞寶麗美化工有限公司 (Dongguan Proamine Chemical Company Limited*). The liability of Global Cosmetics (China) under the Guarantee is up to the amount of RMB100 million.
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company or any of its connected persons (as defined under the Listing Rules)
“Intra-Group Loan”	the amounts due from Global Cosmetics (China) to the fellow subsidiaries of the Company from time to time, which amounted to HK\$45,843,000 as at 31 December 2010
“Purchaser”	Charmfame Investment Limited

\* *English translation is for identification purpose only.*

“Vendor”	Global Chemical Investment Limited, a 93.2% indirectly owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of the announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	the lawful currency for the time being of the PRC
“Sale Shares”	the 40,000,000 issued shares of HK\$1.00 each, representing the entire issued capital, of Global Cosmetics (HK) legally and beneficially owned by the Vendor
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board  
**Global Green Tech Group Limited**  
**Yip Chung Wai, David**  
*Executive Director*

Hong Kong, 18 April 2011

As at the date hereof, the Board of directors of the Company comprises the following members:

*Executive Directors*

Mr. Yip Chung Wai, David  
Mr. Ng Ka Hong  
Mr. Jia Xuelei  
Mr. Lin Jan  
Mr. Chai Xiaojun  
Mr. Dong Jixu  
Mr. Xue Bing  
Mr. Long Xiaobo  
Mr. Wu Jun

*Independent non-executive Directors*

Ms. Chan Wing  
Mr. Ding Yongshun  
Mr. Xiong Wei