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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)

CLARIFICATION ANNOUNCEMENT IN RESPECT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

References are made to the announcement of the annual results of Global Green Tech Group Limited (the “Company”) for the year ended 31 December 2010 published on 31 March 2011 (the “Annual Results Announcement”). The annual results have been reviewed by the audit committee of the Company. This announcement is to provide the supplementary information in respect of the Annual Results.

ADDITIONAL DISCLOSURE ON FINANCIAL INFORMATION

1. Impairment loss on goodwill

As the announcement on 25 January 2011, the whole board of directors of the Company (the “Board”) has received three offers from certain independent parties on acquiring of certain subsidiaries of the Group under the cosmetics and skincare products segment. On 19 March 2011, the Company announced a letter of intent in respect of the possible disposal of Global cosmetic (HK) company limited. Charmfame Investment Limited as the Intended Purchaser, entered into the letter of intent with Global Chemical Investment Limited, a wholly owned subsidiary of the Company, as the Intended Vendor in relation to the Possible Disposal. During the year of 2010, all of the goodwill arising from the acquisition of the issued share capital of Cosmetic HK has totally impaired.

2. Impairment loss on property, plant and equipment

As the announcement on 19 January 2011, the Group has issued the profit warning informing the public that the Group is expected to record a substantial loss in cosmetics and skincare products segment. As the announcement on 25 January 2011, the whole board of directors of the Company (the “Board”) has received three offers from certain independent parties on acquiring of certain subsidiaries of the Group under the cosmetics and skincare products segment. On 19 March 2011, the Board announced a letter of intent in respect of the possible disposal of Global Cosmetic (HK) Company Limited. Charmfame Investment Limited as the Intended Purchaser, entered into the letter of intent with Global Chemical Investment Limited, a wholly owned subsidiary of the Company, as the Intended Vendor in relation to the Possible Disposal. With reference to the valuation report provided by independent valuer, the Management of the Company are of the opinion that the recoverable amount of certain property, plant and equipment of the Group is less than the carrying amount. An impairment loss was then recognized and the carrying amount was reduced to the recoverable amount.

3. Prepaid lease payments for land under operating leases

Regarding the green energy recycling project (the “Project”), we changed our investment strategy by returning to the Hong Kong Science and Technology Parks Corporation of the HKSAR Government a site of approximately 24,000 square meters in Yuen Long Industrial Estate leased with a deposit for tenancy of HK\$25.35 million refunded. On 19 March 2011, the Board announced a letter of intent in respect of the possible disposal of Global Cosmetic (HK) Company Limited. Charmfame Investment Limited as the Intended Purchaser, entered into the letter of intent with Global Chemical Investment Limited, a wholly owned subsidiary of the Company, as the Intended Vendor in relation to the Possible Disposal. The Management of the Company are of the opinion that the recoverable amount of certain prepaid lease payments for land under operating leases of the Group is less than the carrying amount. An impairment loss of HK\$63.96 million was then recognized and the carrying amount was reduced to the recoverable amount of HK\$30.68 million and then reclassified as held for sale.

4. Intangible Assets

On 31 March 2010, Group completed the Acquisition of 100% interest in Westralian Resource Group for a consideration of HK\$1,173 million which was partly satisfied by issue of new shares of HK\$278 million, and partly satisfied by issue of convertible bond of HK\$895 million. The increase in intangible assets is related to the fair value of the mining right arising from the acquisition as at the date of acquisition.

5. Impairment loss on Deposits for property, plant and equipment

The deposits are paid for the business line of recycling waste tyres and plastic products into usable oil, diesel, gasoline and natural gas. By reference to the valuation report provided by independent valuer, the Management of the Company are of the opinion that the deposits for property, plant and equipment should be impaired due to the possible abortion of the project and the possible recoverable amount of the equipment.

6. Impairment loss on trade and other receivables

Impairment loss on trade and other receivables are related to the aged analysis of the trade receivables which were past due. The Management of the Company are of the opinion that there may be a clients' default and delinquency in repayment of debts according to the terms of payment. The Group has taken measures and will continue to improve its credit control by engaging the lawyer to take the legal actions to trace the past due debts in due course.

PROSPECTS

Household Products

The gross margin of this segment has gradually deteriorated due to the fierce market competition. The Group will try to maintain its market share by competitive pricing and marketing strategies.

Industrial Products

Industrial surfactants, with a stable customer base, used to be the Group's primary business. Despite the difficult operating environment in 2009 and 2010 for the PRC textile and garment industry, which is the industry of our major clients, the Group was able to maintain a considerable market shares in the sector.

After years of research and development, and the 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. We will try our best to improve the profitability.

Biotechnology Products

The biotechnology products business comprises mainly production of patented biotech raw materials for medical companies and internally consumption. There was no biotechnology products sold in the current year.

Green Recycle Energy

Regarding the green energy recycling project (the “Project”), the Management changed our investment strategy by returning to the Hong Kong Science and Technology Parks Corporation of the HKSAR Government a site of approximately 24,000 square meters in Yuen Long Industrial Estate leased at approximately HK\$25.35 million for the Group. The development phase of the recycle energy project has been stifled by the unexpected waiting time to start our first step. Afterwards, the Management believed that this business may have a better development pace if we set up our production base in the Mainland China to explore the possibility of the application of an Environmental Permit or the possibility of the co-operation with the parties who owned the Environmental Permit.

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. On 19 March 2011, the Group entered into the License Agreement with the Licensee whereby the Licensor granted to the Licensee an exclusive worldwide (EXCEPT for use in the Hong Kong Special Administrative Region of People’s Republic of China) license to use the Trademarks solely in connection with its business.

In spite of the manufacturing and distribution network of the cosmetic and skincare business of the Company, there may be Possible Disposal in the near future. The rationale is that the increasing competition from the rivals and the lack of management talent, even the management paid the continuing effort, have led to a continuing substantial loss in cosmetics and skincare products segment of the Group for the years ended 31 December 2009 and 2010. Currently, the company will strengthen negotiations with potential buyers to complete the possible Disposal which can raise cashflow level to lessen the liabilities in order to lessen the loss of the Group.

The Directors believe that the possible disposal will stand for the whole interest of the shareholders in the long term.

Mining Products

The Group will leverage on the core skills and expertise of the management team of the group to continue its growth and pursue further value creating opportunities in the gold section and other natural resources in the People’s Republic of China (“PRC”). The mining license held by the Mining Company (“Mining License”) has been renewed for a further five years from 11 March 2010. The operational issues of mining segments have been under review to make a foundation for large-scale exploration in the future. Within the current year, the Group has conducted the preparation works of the significant activities in exploration. The directors and management believe that high return on this sector will be expected for the group in the future.

TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2010	2009	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	60,490	64,486	–	–
Bills receivables	7,146	2,040	–	–
Loan receivables (d)	2,000	44,907	–	–
Prepayments, deposits and other receivables	53,212	68,314	5,807	733
	122,848	179,747	5,807	733
<i>Less: Allowance for doubtful debts</i>	(33,167)	(30,727)	–	–
	89,681	149,020	5,807	733

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

	The Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	19,291	28,965
31 – 60 days	7,189	15,600
61 – 90 days	6,382	4,943
Over 90 days	34,774	17,018
	67,636	66,526
<i>Less: Impairment loss on trade receivables</i>	(4,711)	(30,727)
	62,925	35,799

The normal credit period granted to the customers of the Group is 30 to 180 days (2009: 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.

- b) Included in trade and bills receivables in the statement of financial position are mainly the following amounts denominated in a currency other than the functional currency of the Company to which they relate:

	The Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Renminbi (“RMB”)	54,504	40,551
United States Dollars (“US\$”)	<u>4,563</u>	<u>10,385</u>

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

	The Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January	30,727	51,692
Uncollectable amounts written off	(96,958)	(21,118)
Provision written back	(28,465)	–
Impairment loss recognised during the year	127,353	–
Exchange adjustment	<u>510</u>	<u>153</u>
At 31 December	<u>33,167</u>	<u>30,727</u>

- d) No single loan receivable is individually material, and the terms and conditions of all loan receivables are presented as follows:

	The Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fixed-rate loan receivables	<u>2,000</u>	<u>44,907</u>

The ranges of effective interest rates on the Group's loan receivables are as follows:

	2010	2009
Effective interest rate:		
Fixed-rate loan receivables	<u>2.00% to 5.00%</u>	<u>2.00% to 5.00%</u>

The loan receivables are unsecured and repayable within 1 year and denominated in HK\$.

The Group has policy for allowance of bad and doubtful debts which is based on the evaluation of collectability and aging analysis of accounts and on management's judgement, including the current creditworthiness and the past collection history of each client.

In determining the recoverability of the loan receivables, the Group considers any change in the credit quality of the loan receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that no impairment is required.

SEGMENT REPORTING

Segment revenues and result

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 is a disclosure Standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purposes of allocating resources to segments and assessing their performance.

Business segments

The Group comprises the following main business segments:

- a) Household products segment – manufacture of household products for sale to wholesalers and retailers in the general consumer market;
- b) Industrial products segment – manufacture of industrial surfactants for sale principally to textile and garment manufacturers and traders;
- c) Cosmetics and skincare products segment – manufacture of cosmetics and skincare products under the brand name of Marjorie Bertagne for sale to authorised distributors and retailers in the general consumer market;

- d) Biotechnology products segment – manufacture of biotechnology products with medical applications; and
- e) Investments segment – engaged in provision of loan financing services and investment and/or trading in market securities, bonds, foreign currencies, various funds and other income generated fixed assets’ portfolios.
- f) Mining products segment – engaged in gold exploration, development and mining

Primary reporting format – business segments

Continuing operations

	Household products		Industrial products		Cosmetics and skincare products		Mining products		Biotechnology products		Investments		Others		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Revenue from external customers	10,947	8,775	204,923	185,732	111,437	97,276	3,792	-	-	553	-	19,641	-	-	331,099	311,977
Inter-segment sales	-	6,005	-	33,598	-	-	-	-	-	-	-	-	-	-	-	39,603
Reportable segment revenue	10,947	14,780	204,923	219,330	111,437	97,276	3,792	-	-	553	-	19,641	-	-	331,099	351,580
Reportable segment results	(27,708)	(8,025)	(518,692)	(346,370)	(77,839)	(53,813)	(43,100)	-	-	(7,217)	(354,834)	(6,700)	-	-	(866,495)	(422,125)
Unallocated operating income and expenses															29,297	(28,704)
(Loss)/Profit from operations															(837,198)	(450,829)
Finance costs															(50,253)	8,875
(Loss)/Profit before taxation															(887,451)	(441,954)
Income tax															(5)	(1,717)
(Loss)/Profit for the year															(887,456)	(443,671)
Depreciation	2,322	612	43,468	9,085	3,080	37,092	682	-	-	23	-	-	692	676	50,244	47,488
Amortisation	17	580	309	8,603	-	-	15,638	-	-	22	-	-	-	-	15,964	9,205
Loss on disposal of property, plant and machinery	-	-	-	-	-	342	-	-	-	-	-	-	-	-	-	342
Net unrealised loss on financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	3,722	-	-	-	3,722
Impairment loss on trade and other receivables	3,900	-	74,691	-	-	-	4,621	-	-	-	-	-	15,586	-	98,888	-
Impairment loss on property, plant and equipment	71	-	1,325	185,415	-	332	-	-	-	-	-	-	-	-	1,396	185,747
Impairment loss on deposits to property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	222,475	-	222,475	-
Impairment loss on goodwill	-	-	-	-	403,570	55,858	-	-	-	-	-	-	-	-	403,570	55,858
Impairment loss on intangible assets	-	-	-	15,539	-	-	-	-	12,940	-	-	-	-	-	12,940	15,539
Write-down of inventories	-	-	-	3,407	-	-	-	-	-	-	-	-	-	-	-	3,407
Write off of bad debts	-	15,121	-	89,074	-	-	-	-	-	-	-	9,278	-	-	-	113,473
Reportable segment assets	49,280	61,339	922,507	699,984	561,572	426,341	1,544,670	-	-	29,812	5,688	67,193	-	-	3,083,717	1,284,669
Investment properties															34,948	34,075
Cash and cash equivalents															78,396	35,514
Other unallocated assets															(288,162)	824,896
Total assets															2,908,899	2,179,154
Reportable segment liabilities	10,842	11,133	202,949	165,196	85,694	16,169	102,871	-	-	-	-	577	-	-	402,356	193,075
Unallocated liabilities															204,870	7,847
Total liabilities															607,226	200,922
Capital expenditure	269	349	5,043	5,172	-	2,166	1,996	-	-	-	-	-	-	-	7,308	3,355
															7,308	3,355

Discontinued operations

	Cosmetics and skincare products	
	2010	2009
	HK\$'000	HK\$'000
Revenue from external customers	17,144	85,242
Inter-segment sales	<u>55,576</u>	<u>57,907</u>
Reportable segment revenue	<u>72,720</u>	<u>143,149</u>
Reportable segment results		
(Loss) from operations	(511,682)	(177,538)
Finance costs	(4,056)	(2,175)
(Loss) before taxation	<u>(515,738)</u>	<u>(179,713)</u>
Income tax	–	(6,112)
(Loss) for the year	<u>(515,738)</u>	<u>(185,835)</u>
Depreciation	46,144	44,913
Amortisation	2,922	2,871
Impairment loss on property, plant and equipment	318,536	59,919
Impairment loss on prepaid lease payments to land under operating leases	63,964	36,180
Write-down of inventories	–	3,407
Write off of bad debts	<u>–</u>	<u>53,633</u>
Reportable segment assets	<u>150,240</u>	<u>632,797</u>
Total assets	<u><u>150,240</u></u>	<u><u>632,797</u></u>
Reportable segment liabilities	<u>90,240</u>	121,484
Total liabilities	<u><u>90,240</u></u>	<u><u>121,484</u></u>
Capital expenditure	<u>2,279</u>	<u>21,207</u>
	<u><u>2,279</u></u>	<u><u>21,207</u></u>

Geographical segments

The Group operates in two main geographical areas:

The PRC – manufacturing and trading of household products, industrial products, cosmetics and skincare products, mining products and biotechnology products with medical applications.

Hong Kong – trading of household products, industrial products and cosmetic and skincare products and provision of loan financing services and investments and/or trading in marketable securities, bonds, foreign currencies, various funds and other income generated fixed assets' portfolios.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of Company's subsidiaries. Segment assets and capital expenditure are based on the geographical location of the assets.

Continuing operations:

	Hong Kong		The PRC		Australia	
	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	141,743	123,829	189,356	188,148	-	-
Reportable segment results	(833,572)	(60,042)	(53,881)	(353,786)	(3)	-
Reportable segment assets	454,037	786,938	2,426,900	497,731	27,962	-
Capital expenditure incurred during the year	<u>5,210</u>	<u>3,355</u>	<u>2,098</u>	<u>-</u>	<u>-</u>	<u>-</u>

Discontinued operations:

	Hong Kong		The PRC	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	3,549	8,360	13,595	76,882
Inter-segment sales	6,070	3,014	49,506	54,893
Reportable segment results	16,617	(1,826)	(532,355)	(184,009)
Reportable segment assets	2,266	6,687	147,974	606,110
Capital expenditure incurred during the year	<u>-</u>	<u>63</u>	<u>2,279</u>	<u>21,144</u>

Revenue from major customers

There is no single customer contributing over 10% of total sales of the Group for both years.

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

Hong Kong, 15 April 2011

As at the date hereof, the Board 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. Xuebing

Mr. Long Xiaobo

Mr. Wu Jun

Independent non-executive Directors

Ms. Chan Wing

Mr. Ding Yongshun

Mr. Xiong Wei

* *For identification purpose only*