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# 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)

### CONNECTED AND DISCLOSEABLE TRANSACTION: ACQUISITION OF INTERESTS IN A COMPANY

On 2 January, 2007 the Purchaser, a direct wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendor for the acquisition of 17% of the entire issued share capital of Global Cosmetics.

Global Cosmetics is non-wholly owned subsidiary of the Company. As at the date of this announcement, the Company indirectly holds 70% of the entire issued share capital of Global Cosmetics and the Vendor holds the remaining 30% of the entire issued share capital of Global Cosmetics. By virtue of the Vendor being a substantial shareholder of Global Cosmetics, the Vendor constitutes a connected person (as such term is defined under the Listing Rules). As such, the Acquisition constitutes a connected transaction (as such term is defined under the Listing Rules) for the Company and is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The applicable ratios set forth in Chapter 14 of the Listing Rules are more than 5% but less than 25%, the Acquisition also constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules.

A circular containing, among other things, (i) details of the Acquisition Agreement; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the advice from the Independent Financial Advisers to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM will be despatched to the Shareholders as soon as practicable.

#### THE ACQUISITION AGREEMENT

##### Date of the Acquisition Agreement

2 January, 2007

##### Parties to the Acquisition Agreement

Purchaser: Global Success Properties Limited, a direct wholly-owned subsidiary of the Company

Vendor: Cristal Marketing Management Company Limited

Shareholding interest to be acquired: 17% of the entire issued share capital of Global Cosmetics

Consideration: HK\$241,090,000

Completion Date: Not later than 31 March, 2007 or such other date as the Vendor and the Purchaser may agree

Conditions: Completion is conditional upon the following conditions:

- (a) (where applicable) the compliance by the Company of (or, as the case may be, obtaining of waiver from) any requirement under the Listing Rules as may be applicable in connection with the Acquisition Agreement and the transactions contemplated thereby;
- (b) the Board approving and authorising the execution and completion of the Acquisition Agreement;
- (c) none of the warranties and representations of the Vendor contained in the Acquisition Agreement having been breached in any material respect (or, if capable of being remedied, has not been remedied), or is misleading or untrue in any material respect; and
- (d) if required, all approvals, consents, authorisations and licences (so far as are necessary) in relation to the transactions contemplated under the Acquisition Agreement having been obtained from the relevant parties.

All of the above conditions cannot be waived by the Vendor and the Purchaser.

Payment method: The Consideration shall be payable as follows:–

- (a) an initial deposit equal to 20% of the Consideration shall be paid upon signing of this Agreement; and
- (b) the balance of the Consideration shall be payable upon Completion

All payment shall be made by way of cheque(s) and/or cashier's order issued by a licensed bank in Hong Kong in favour of the Vendor or as it shall direct or in such other manner as may be agreed between the Vendor and the Purchaser.

In the event any of the conditions referred to above not having been fulfilled on or before 31 March, 2007, the initial deposit paid by the Purchaser to the Vendor shall be forthwith refunded to the Purchaser without interest by way of a cashier's order drawn in favour of the Purchaser.

### **Subject matter of the Acquisition**

Global Cosmetics is a company incorporated in Hong Kong on 6 August, 2004 having an authorised capital of HK\$40,000,000 divided into 40,000,000 shares of HK\$1 each, all of which have been issued and are fully paid or credited as fully paid. Of the 40,000,000 issued shares, 28,000,000 shares are beneficially owned by and registered in the name of Global Chemical Investment Limited (an indirect wholly-owned subsidiary of the Company) and 12,000,000 shares are beneficially owned by and registered in the name of the Vendor. Global Cosmetics is principally engaged in the wholesale of cosmetics and skincare products manufactured by the members of the Group.

The original purchase cost of the Vendor regarding 17% of the entire issued share capital of Global Cosmetics was HK\$6,800,000, being the subscription price for the allotment of shares at par by Global Cosmetics.

As at 30 June, 2006, the unaudited net asset value of Global Cosmetics was approximately HK\$250,219,000. For the period from 6 August, 2004 (being the date of incorporation of Global Cosmetics) to 31 December 2005, the net profit before tax and extraordinary items and the net profit after tax and extraordinary items attributable to the shareholders of Global Cosmetics amounted to approximately HK\$110,141,000 and HK\$73,911,000 respectively.

Upon completion of the Acquisition, the Company will indirectly own in aggregate 87% of the entire issued share capital of Global Cosmetics.

### **Consideration for the Acquisition and the basis for its determination**

The Consideration of HK\$241,090,000 is determined having regard to the net asset value and earnings of Global Cosmetics and its subsidiary, namely Global Cosmetics (China) Co. Ltd. and the market potential of their business. On the basis of the existing and expected continual growth of the business of Global Cosmetics and its subsidiary, the Board is of the view that the value of the equity interest of Global Cosmetics will further increase in the future. As it is the plan of the Company to own a larger portion of shareholding in Global Cosmetics, to avoid paying at a later stage a higher amount of consideration as a result of any future increase of value, the Board considered it appropriate to acquire 17% of the entire issued share capital at the current consideration offered by the Vendor.

The Acquisition will be funded by internal resources of the Group.

### **BACKGROUND INFORMATION OF THE GROUP AND THE VENDOR**

The principal activities of the Group are manufacture and trading of home and personal care products, industrial products, cosmetics and skin care products and biotechnology products with medical and cosmetic applications.

The principal activities of the Vendor are retailing of cosmetics and provision of beauty treatment services. Otherwise than it being a substantial shareholder of Global Cosmetics, the Vendor and its beneficial owner are independent third parties, which are not connected with the Company or any of the Company's connected persons.

### **REASONS FOR ENTERING INTO THE ACQUISITION AGREEMENT**

The Group is principally engaged in, among other things, the manufacture of cosmetics and skin care products. For the period from 6 August, 2004 (being the date of incorporation of Global Cosmetics) to 31 December 2005, the net profit before tax and extraordinary items and the net profit after tax and extraordinary items attributable to the shareholders of Global Cosmetics amounted to approximately HK\$110,141,000 and HK\$73,911,000 respectively. The Directors are optimistic about the future growth of cosmetics and skin care products manufactured by Global Cosmetics. The transaction will enable the Group to have larger share of return in Global Cosmetics. Therefore, the Directors, including independent non-executive Directors, consider that the terms of the Acquisition Agreement are in ordinary course of business and on normal commercial terms fair and reasonable and in the interest of the Shareholders as a whole.

### **CONNECTED AND DISCLOSEABLE TRANSACTION**

The Vendor currently holds 30% of the entire issued share capital of Global Cosmetics. By virtue of its being a substantial shareholder of Global Cosmetics, the Vendor constitutes a connected person (as such term is defined under the Listing Rules). As such, the Acquisition constitutes a connected transaction (as such term is defined under the Listing Rules) for the Company and is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The applicable ratios set forth in Chapter 14 of the Listing Rules are more than 5% but less than 25%, the Acquisition also constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules.

As a result, Completion is subject to the approval of the Independent Shareholders by poll at the EGM.

#### **EGM AND SHAREHOLDERS' CIRCULAR**

In view of the foregoing, the Company will seek the approval of the Independent Shareholders on the Acquisition Agreement. Ordinary resolutions will be proposed at the EGM for the Independent Shareholders to consider and if appropriate, approve by way of poll the Acquisition Agreement.

A circular containing, among other things, (1) further information on the Acquisition Agreement; (2) the recommendation of the Independent Board Committee to the Independent Shareholders; (3) the advice from the Independent Financial Advisers to the Independent Board Committee and the Independent Shareholders; and (4) a notice of the EGM will be despatched to the Shareholders as soon as practicable.

#### **DEFINITIONS**

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

“Acquisition”	the acquisition of 17% of the entire issued share capital of Global Cosmetics under the Acquisition Agreement
“Acquisition Agreement”	the agreement dated 2 January, 2007 and made between the Vendor and the Purchaser in respect of the sale and purchase of 17% of the entire issued share capital of Global Cosmetics
“Board”	the board of Directors
“Company”	Global Green Tech Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	Completion of the Acquisition in accordance with the Acquisition Agreement
“Consideration”	HK\$241,090,000, being the total consideration for the Acquisition under the Acquisition Agreement
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting proposed to be held by the Company for the purpose of approving the Acquisition Agreement, a notice of which will be dispatched by the Company with the Shareholders’ circular
“Global Cosmetics”	Global Cosmetics (HK) Company Limited (高寶化妝品(香港)有限公司), company incorporated in Hong Kong with limited liability on 6 August, 2004
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the committee of the Board established on 2 January, 2007 for the purpose of advising the Independent Shareholders on the Acquisition, the members of which include all the independent non-executive Directors, namely Mr. Ou Ying Ji, Mr. Lin Jian and Mr. Lee Pak Chung
“Independent Financial Advisers”	REXCAPITAL (Hong Kong) Limited, the independent financial advisers appointed by the Board and approved by the Independent Board Committee
“Independent Shareholders”	any shareholder of the Company that is not required to abstain from voting at a general meeting, if necessary, to approve a connected transaction
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock market operated by the Stock Exchange which is in parallel with, and distinct from, the Growth Enterprise Market of the Stock Exchange
“Purchaser”	Global Success Properties Limited, a company incorporated in the British Virgin Islands, a direct wholly-owned subsidiary of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Cristal Marketing Management Company Limited, a company incorporated in Hong Kong with limited liability
“%”	per cent.

As at the date of this announcement, the Board comprises the following directors:

*Executive directors:*

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

*Independent non-executive directors:*

Mr. Ou Ying Ji  
Mr. Lin Jian  
Mr. Lee Pak Chung

By Order of the Board  
**Global Green Tech Group Limited**  
**Lau Jin Wei, Jim**  
*Chairman*

Hong Kong, 2 January 2007

\* *For identification purposes only*

Please also refer to the published version of this announcement in The Standard.