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EcoGreen Fine Chemicals Group Limited
中怡精細化工集團有限公司 *

(incorporated in the Cayman Islands with limited liability)

Website: <http://www.ecogreen.com>

(Stock code: 2341)

**MASTER PURCHASE AGREEMENT
AND
CONTINUING CONNECTED TRANSACTIONS**

During a review of the financial results of the Group for the year ended 31 December 2009, it came into notice of the Company that the Group's purchases of the Products from Hongbang Group for the years ended 31 December 2007, 2008 and 2009 constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules, as Chuxiong Hongbang is a substantial shareholder of Chuxiong Zhongyi, a non-wholly owned subsidiary of the Company. The failure for the Company to comply with the applicable reporting, announcement and independent shareholders' approval requirement under chapter 14A of the Listing Rules constituted a non-compliance with the Listing Rules.

Since 1 January 2010 and up to 31 March 2010, the consideration payable by the Group in respect of its purchases of the Products from Hongbang Group amounted to approximately RMB4.70 million (equivalent to approximately HK\$5.34 million). As the purchases of the Products by the Group from Hongbang Group form part of the usual and ordinary course of business of the Group, the Directors expect that such purchases by the Group would continue. The Group therefore entered into the Master Purchase Agreement with Chuxiong Hongbang (for itself and on behalf of the other members of Hongbang Group) for a period from 1 January 2010 to 31 December 2012.

Since the annual caps for the consideration payable by the Group under the Master Purchase Agreement for each of the years ending 31 December 2010, 2011 and 2012 are RMB70 million (equivalent to approximately HK\$79.55 million), RMB80 million (equivalent to approximately HK\$90.91 million) and RMB90 million (equivalent to approximately HK\$102.27 million), respectively, which are expected to result in the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits test ratio) being more than 2.5%, the transactions under the Master Purchase Agreement will constitute non-exempt continuing connected transactions of the Company and such transactions and the annual caps are subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

** For identification purpose only*

A circular containing, among other information, (1) a letter from the Board containing further details of the Master Purchase Agreement and the respective caps relating thereto, (2) a letter from an independent financial adviser containing its advice in connection with the transactions as contemplated under the Master Purchase Agreement to the independent Board committee and the independent Shareholders; (3) recommendations of the independent Board committee to the independent Shareholders; and (4) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable.

NON-DISCLOSURE OF THE CONTINUING CONNECTED TRANSACTIONS

During a review of the financial results of the Group for the year ended 31 December 2009, it came into notice of the Company that the Group's purchases of the Products from Hongbang Group for the years ended 31 December 2007, 2008 and 2009 constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules, as Chuxiong Hongbang is a substantial shareholder of Chuxiong Zhongyi, a non-wholly owned subsidiary of the Company. For the years ended 31 December, 2007, 2008 and 2009, the purchase by the Group from Hongbang Group amounted to approximately RMB25.07 million (equivalent to approximately HK\$28.49 million), RMB61.17 million (equivalent to approximately HK\$69.51 million) and RMB43.35 million (equivalent to approximately HK\$49.26 million) respectively, resulting in the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits test ratio) being more than 2.5%. The aforesaid purchases by the Group therefore constituted non-exempt continuing connected transactions of the Company and were subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The failure for the Company to comply with these requirements constituted a non-compliance with the Listing Rules.

The Directors consider that the failure to comply with the Listing Rules, which was inadvertent and regretful, is an isolated event. The Company will take steps to tighten its compliance system in order to prevent a recurrence of a similar event. These measures will include the audit committee of the Board conducting the review on the sale and procurement contracts of material significance and the management of the Company arranging trainings relating to the Listing Rules' requirements for all frontline staff that are responsible for marketing and sales functions.

Since 1 January 2010 and up to 31 March 2010, the consideration payable by the Group in respect of its purchases of the Products from Hongbang Group amounted to approximately RMB4.70 million (equivalent to approximately HK\$5.34 million). As the purchases of the Products by the Group from Hongbang Group form part of the usual and ordinary course of business of the Group, the Directors expect that such purchases by the Group will continue. The Group has therefore entered into the Master Purchase Agreement with Chuxiong Hongbang (for itself and on behalf of the other members of Hongbang Group) for a period from 1 January 2010 to 31 December 2012.

MASTER PURCHASE AGREEMENT

Date : 23 April 2010

Parties: Chuxiong Zhongyi, a non-wholly owned subsidiary of the Company, as purchaser

Chuxiong Hongbang (for itself and on behalf of other members of Hongbang Group), as supplier

Pursuant to the Master Purchase Agreement, Hongbang Group has agreed to manufacture, process, store, deliver and sell the Products from time to time ordered by the Group, on an exclusive basis, at prices to be determined by the Group and Chuxiong Hongbang (for itself and on behalf of other members of Hongbang Group) with reference to the market prices, on such terms that are no less favourable than those applicable to the purchase of the Products by the Group from Independent Third Parties and other normal commercial terms.

As part of the sale services offered by Hongbang Group under the Master Purchase Agreement, Hongbang Group shall also provide the Group with all assistance in the procurement, examination, storage and delivery of the Products purchased by the Group from other parties from time to time, and shall provide to the Group two turpentine storage tanks having an aggregate storage capacity of up to 2,000 tonnes for use during the term of the Master Purchase Agreement, without additional charges.

Under the Master Purchase Agreement, Hongbang Group has undertaken not to, directly or indirectly, manufacture, process, store, deliver and/or supply the Products to the parties other than the Group without the prior written consent of the Group during the term of the Master Purchase Agreement. The Master Purchase Agreement is for a period from 1 January 2010 to 31 December 2012 unless terminated earlier in accordance with the terms and conditions of the Master Purchase Agreement.

To facilitate the performance of the Master Purchase Agreement and as agreed under the Master Purchase Agreement, the Group shall, within 90 business days from the date of the Master Purchase Agreement, pay to Hongbang Group an aggregate sum of RMB3 million as prepayment (“ **Prepayment**”) for the Products to be purchased by the Group during the term of the Master Purchase Agreement. Hongbang Group shall have the right to deduct the price of the Products sold to the Group from the Prepayment in accordance with the orders placed by the Group from time to time. If the Prepayment or balance thereof cannot offset the price of the Products at any time during the term of the Master Purchase Agreement, the Group shall pay to Hongbang Group such additional amount such that the Prepayment can be restored to RMB3 million. Any unutilised Prepayment shall be refunded in full upon expiry or termination of the Master Purchase Agreement.

The terms of the Master Purchase Agreement were arrived at after arm's length negotiation between the Group and Hongbang Group and are fair and reasonable so far as the Group and the Shareholders are concerned.

ANNUAL CAPS

The annual aggregate consideration payable by the Group to Hongbang Group for the purchase of the Products are expected to be not more than (i) RMB70 million (equivalent to approximately HK79.55 million) for the year ending 31 December 2010; (ii) RMB80 million (equivalent to approximately HK\$90.91 million) for the year ending 31 December 2011; and (iii) RMB90 million (equivalent to approximately HK\$102.27 million) for the year ending 31 December 2012.

In the event that the aggregate consideration payable by the Group under the Master Purchase Agreement exceeds the respective annual caps for each of the years ending 31 December 2010, 2011 and 2012, the Company will comply with all the relevant requirements of Chapter 14A of the Listing Rules.

The annual monetary caps were concluded by reference to (i) the historical purchase of the Products from Chuxiong Hongbang and other members of Hongbang Group; (ii) the rising trend of prices of turpentine and its by-products over the past three years; and (iii) the expected growth in demand for the Products in the coming three years.

REASONS FOR THE TRANSACTIONS AND THE MASTER PURCHASE AGREEMENT

As turpentine is one of the major raw materials used by the Group for manufacturing and producing its products, the Master Purchase Agreement enables the Group to better coordinate the procurement of the Products and ensures stable and reliable supply of quality turpentine in accordance with the production schedule of the Group. In addition, given that there is a long history of cooperation between the Group and Hongbang Group, the Master Purchase Agreement is consistent with the Group's established business relationship with Hongbang Group and will facilitate the smooth operation of the Group's business.

The Directors are of the opinion that (i) the Master Purchase Agreement and the transactions contemplated thereunder have been entered into in the usual and ordinary course of business of the Group; (ii) the terms and conditions of the Master Purchase Agreement have been negotiated, and will be conducted, on an arm's length basis and on normal commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) the expected annual caps for the purchase of the Products from Hongbang Group for the years ending 31 December 2010, 2011 and 2012 as referred to above are fair and reasonable.

LISTING RULES IMPLICATION

Chuxiong Hongbang is a substantial shareholder of Chuxiong Zhongyi, a non-wholly owned subsidiary of the Company, Chuxiong Hongbang is therefore a connected person of the Company. The transactions under the Master Purchase Agreement hence constitute continuing connected transactions of the Company under the Listing Rules. Since the annual caps for the consideration payable by the Group under the Master Purchase Agreement for each of the years ending 31 December 2010, 2011 and 2012 are RMB70 million (equivalent to approximately HK\$79.55 million), RMB80 million (equivalent to approximately HK\$90.91 million) and RMB90 million (equivalent to approximately HK\$102.27 million), respectively, which are expected to result in the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits test ratio) being more than 2.5%, the transactions under the Master Purchase Agreement will constitute non-exempt continuing connected transactions of the Company and such transactions and the annual caps are subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In view of the foregoing, the Company will seek the approval of the independent Shareholders in respect of the continuing connected transactions under the Master Purchase Agreement and the expected annual caps at the EGM. Any Shareholders who are materially interested in the continuing connected transactions under the Master Purchase Agreement are required to abstain from voting on the resolution proposed to be passed at the EGM for approving the continuing connected transactions and the expected annual caps under the Master Purchase Agreement.

GENERAL INFORMATION

The Group is principally engaged in the production and trading of fine chemicals from natural resources for use in aroma chemicals and pharmaceutical products.

Chuxiong Zhongyi is principally engaged in the sale of forestry products.

Chuxiong Hongbang and other members of Hongbang Group are principally engaged in the manufacture, processing, storage, delivery and sale of rosin, turpentine and its by-products.

A circular containing, among other information, (1) a letter from the Board containing further details of the Master Purchase Agreement and the respective caps relating thereto, (2) a letter from an independent financial adviser containing its advice in connection with the transactions as contemplated under the Master Purchase Agreement to the independent Board committee and the independent Shareholders; (3) recommendations of the independent Board committee to the independent Shareholders; and (4) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

"associates"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of directors of the Company
"Chuxiong Hongbang"	Chuxiong Hongbang Forestry Co., Ltd. (楚雄弘邦林化有限公司), a company established in the People's Republic of China with limited liability and a substantial shareholder of Chuxiong Zhongyi
"Chuxiong Zhongyi"	Chuxiong Zhongyi Forestry Trading Co., Ltd. (楚雄中怡林產貿易有限公司), a company established in the People's Republic of China with limited liability and a non-wholly owned subsidiary of the Company
"Company"	EcoGreen Fine Chemicals Group Limited, a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
"Director(s) "	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened for the purpose of, inter alia, considering and approving by the independent Shareholders of the Master Purchase Agreement, the transactions contemplated thereunder and annual caps in relation thereto
"Group"	the Company and its subsidiaries
"Hongbang Group"	collectively, Chuxiong Hongbang and its subsidiaries and associates from time to time
"Independent Third Party(ies) "	independent third party or parties and its/their ultimate beneficial owner(s) who is/are independent to the Group and is/are not the connected persons (as defined under the Listing Rules) of the Group
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Master Purchase Agreement"	the master purchase agreement dated 23 April 2010 and entered into between Chuxiong Zhongyi as purchaser and Chuxiong Hongbang (for itself and on behalf of other members of Hongbang Group) as supplier in relation to the purchase of the Products by the Group from Hongbang Group
"Products"	turpentine and its by-products used as raw materials in the production of the Group's products

"RMB"	Renminbi, the lawful currency of the People's Republic of China
"Shareholders"	shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK\$"	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region, the People's Republic of China
"%"	per cent

For the purpose of this announcement, unless otherwise indicated, the exchange ratio of HK\$1 = RMB0.88 has been used for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged.

By order of the Board
EcoGreen Fine Chemicals Group Limited
Yang Yirong
Chairman & President

Hong Kong, 23 April 2010

As at the date of this announcement, the Board of Directors of the Company comprises of five executive Directors, namely Mr. Yang Yirong (Chairman), Mr. Gong Xionghui, Ms. Lu Jiahua, Mr. Lin Like and Mr. Han Huan Guang, one non-executive Director, namely Mr. Feng Tao and three independent non-executive Directors, namely Dr. Zheng Lansun, Mr. Yau Fook Chuen and Mr. Wong Yik Chung, John.