

*The Stock Exchange of Hong Kong Limited (the "Stock Exchange") takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the content of this announcement.*



## **GREENCOOL TECHNOLOGY HOLDINGS LIMITED**

**格林柯爾科技控股有限公司\***

*(incorporated in the Cayman Islands with limited liability)*

The Company hereby sets out in this announcement details of advance payments made by the Group to Tianjin Greencool Factory during the year ended 31st December, 2001 in an approximate amount of RMB230 million for the Purchases. The Stock Exchange is of the view that the terms of the Waiver may not have been complied with and is conducting further enquiries into this matter (including, but not limited to, the extension of the delivery dates for the Purchases and whether the transactions were conducted on normal commercial terms and in the ordinary and usual course of business of the Group). A further announcement will be made as and when appropriate. The Stock Exchange reserves its right to take appropriate action in this matter.

The Company refers to its annual report for the year ended 31st December, 2001 which was recently dispatched to its shareholders and approved at the annual general meeting of the Company held on 29th April, 2002. As shown in the Company's annual report, for the year ended 31st December, 2001 there was an advance payment of approximately RMB230 million to Greencool Refrigerant (China) Co. Ltd. ("Tianjin Greencool Factory") in connection with orders made in that financial year for purchases and deliveries of CFC-free Greencool refrigerants to the Group (the "Purchases").

Tianjin Greencool Factory is the sole supplier to the Company and its subsidiaries (the "Group") and the orders for the Purchases placed with Tianjin Greencool Factory were, in the opinion of the directors of the Company, in the Group's ordinary and usual course of business. Tianjin Greencool Factory is a limited liability company established in the People's Republic of China and ultimately controlled by Mr Gu Chu Jun, the Chairman and controlling shareholder of the Company. Consequently, transactions between the Group and Tianjin Greencool Factory constitute continuing connected transactions for the Company under the Rules Governing the Listing of Securities (the "GEM Listing Rules") on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The advance payments of RMB230 million can largely be broken down as follows:-

- (a) approximately RMB196 million for purchases and deliveries of CFC-free Greencool refrigerants in 2002;
- (b) approximately RMB34 million for purchases and deliveries in 2001 where the delivery, at the request of the Company made in early December, 2001, was delayed and not delivered to the Group by 31st December, 2001. As the amount of Greencool refrigerants were not delivered by 31st December, 2001, the relevant payments made were reclassified as advance payments.

No advance payments had previously been made in respect of purchases for the financial year ended 31 December 2000 as the purchases in that year were not as large as the Purchases. The Company had requested Tianjin Greencool Factory to delay the deliveries referred to in (a) and (b) above because there was a delay in the orders they anticipated from the Group's customers and after taking into account storage space at the Group's premises and the large size of the Purchases.

In connection with the Company's listing on GEM, a waiver (the "Waiver") was granted whereby, conditional on the terms therein, strict compliance with the connected transaction requirements set out in the GEM Listing Rules in respect of the exclusive distribution agreement dated 28th June, 2000 and made between Mr Gu Chu Jun, Tianjin Greencool Factory and Greencool Concord Holdings Limited (the "Agreement") would be waived. It is the term of the Waiver that the annual purchase cap for each of three years ending 31st December, 2002 must not exceed RMB250 million. This cap has not been exceeded in either of the financial years ended 31st December, 2000 or 2001. Tianjin Greencool Factory may, under the Agreement, require advance payments from the Group. As at 31st December, 2001, the size of the purchases of Greencool refrigerants for 2002 were approximately RMB202 million and approximately RMB196 million was paid as advance payments. As at 30th April, 2002, approximately RMB 6 million remains unpaid. Particulars of the Waiver were set in the Company's prospectus dated 5th July 2000.

As with historical orders made by the Group, the orders for the Purchases were made based on management's expectations. This was also reflected in the Company's annual report as follows:-

*"For the year 2002, the Directors believe that certain manufacturers of the refrigeration and air conditioning systems would use the Greencool Refrigerants in their products due to possible improvement in product performance caused by the energy saving features of Greencool Refrigerants. The demand for Greencool Refrigerants would thus grow significantly.*

*To demand more Greencool Refrigerants from Tianjin Greencool Factory, the sole supplier to the Group, the Group is considering increasing the maximum amount of annual purchases from Tianjin Greencool Factory. In this event, it will comply with all the requirements under the GEM Listing Rules."*

The price of the Purchases was agreed by reference to the prices as set out on the Agreement and as follows:-

Refrigerant R405a:                   RMB110,000 per tonne

R411 Series:                        RMB86,000 per tonne

The Purchases comprised approximately 550 tonnes of refrigerant R405a and approximately 2,040 tonnes of refrigerant R411 Series. The Agreement provides that Tianjin Greencool Factory is obliged to deliver such refrigerants within 45 days after payment. However, as a result in delays in anticipated orders from customers and taking into account the Group's storage facilities, the Company had requested and Tianjin Greencool Factory had agreed that the refrigerants would not be delivered until further notice from the Group. For example, one of the orders the Group had expected earlier than April 2002 was the order for RMB27 million worth of Greencool refrigerants from Guangdong Kelon Electrical Holdings Company Limited which subsequently materialized (the subject of an announcement by the Company on 10th April, 2002). The Group has no way of knowing for certain when its customers will place an actual order. As previously mentioned, the orders from the Purchases were based on the management's expectation of the demand for Greencool refrigerants in 2002.

The Stock Exchange is of the view that the terms of the Waiver may not have been complied with and is conducting further enquiries into this matter (including, but not limited to, the extension of the delivery dates for the Purchases and whether the transactions were conducted on normal commercial terms and in the ordinary and usual course of business of the Group). A further announcement will be made as and when appropriate. The Stock Exchange reserves its right to take appropriate action in this matter.

By Order of the Board  
**Greencool Technology Holdings Limited**  
**Mr. Chen Chang Bei**  
*Director*

Hong Kong, 7 May, 2002

*This announcement will remain on the “Latest Company Announcements” page of the GEM website and the Company’s website at <http://www.greencool.com.hk> for at least 7 days from the day of its posting.*

*This announcement, for which the directors of the Company (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are focused on bases and assumptions that are fair and reasonable.*

\* For identification only