
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in Greencool Technology Holdings Limited, you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

This circular, for which the directors of Greencool Technology Holdings Limited 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 of Hong Kong Limited for the purpose of giving information with regard to Greencool Technology Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– 1. the information contained in this circular 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 circular misleading; and 3. all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



GREENCOOL TECHNOLOGY HOLDINGS LIMITED

格林柯爾科技控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

GENERAL MANDATES TO REPURCHASE SHARES

AND

ISSUE NEW SHARES

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

* *For identification purposes only*

A form of proxy for use at the annual general meeting is enclosed with this circular. Whether or not you intend to be present at the annual general meeting, you are requested to complete the form of proxy and return it to the Company’s branch share registrar, Hong Kong Registrars Limited, at Rooms 1901-1905, 19th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the meeting. The completion and delivery of a form of proxy will not preclude you from attending and voting at the annual general meeting in person.

21st March, 2003

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET
(THE “GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED
(THE “STOCK EXCHANGE”)**

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast further profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

LETTER FROM THE CHAIRMAN



GREENCOOL TECHNOLOGY HOLDINGS LIMITED

格林柯爾科技控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Board of Directors:

Executive Directors:

Gu, Chu Jun (*Chairman*)
Hu, Xiao Hui (*Vice Chairman,
CEO & President*)
Zhang, Xi Han
Liu, Cong Meng
Xu, Wan Ping
Chen, Chang Bei

Independent non-executive Directors:

Fan, Jia Yan
Margaret Man

Compliance Officer:

Chen, Chang Bei

*Head Office and Principal
Place of Business in the
People's Republic of China:*

Rooms 1701-1739
Tai Feng Hui Zhong Mansion
No. 120 Zhushikou Xi Street
Xuanwu District
Beijing 100050
PRC

Registered Office:

Century Yard,
Cricket Square
Hutchins Drive
P.O. Box 2681GT
George Town
Grand Cayman
British West Indies

21st March, 2003

To shareholders of the Company

Dear Sir or Madam,

PROPOSED GENERAL MANDATES TO REPURCHASE SHARES AND ISSUE NEW SHARES

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the annual general meeting (the "AGM") of the Company to be held on Thursday, 17th April, 2003.

* *For identification purposes only*

LETTER FROM THE CHAIRMAN

BACKGROUND

On 29th April, 2002 resolutions were passed by the shareholders at the AGM of the Company for 2002 granting general unconditional mandates to the directors of the Company to exercise the powers of the Company to:

- (a) allot, issue and deal with (otherwise than by way of rights issue or pursuant to the exercise of options granted under any of the Company's share option scheme or any scrip dividend scheme or similar arrangements providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company pursuant to the articles of association of the Company from time to time) additional shares in the capital of the Company not exceeding 20 per cent. of the aggregate nominal value of the share capital of the Company in issue on the date of the passing of the resolution;
- (b) repurchase shares of the Company not exceeding 10 per cent. of the aggregate nominal value of the shares of the Company in issue on the date of the passing of the resolution; and
- (c) add to the general mandate for issuing shares set out in paragraph (a) above the number of shares repurchased by the Company pursuant to the repurchase mandate set out in paragraph (b) above.

The above general mandates will expire at the conclusion of the AGM to be held on 17 April, 2003 and the purpose of this circular is to request your support to renew the general mandates referred to below.

PROPOSED GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, it will be proposed, by way of an ordinary resolution, that the directors of the Company be given a general and unconditional mandate to exercise all powers of the Company to repurchase on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") shares in the Company up to a maximum of 10 per cent. of the shares of the Company in issue at the date of the passing of the ordinary resolution (the "Repurchase Mandate").

The Repurchase Mandate, if approved, will continue in force until the conclusion of the next AGM to be held in 2004 ("2004 AGM") of the Company or until revoked or varied by ordinary resolution of shareholders in general meeting prior to the 2004 AGM.

The Company may only repurchase its shares on GEM if:

- (i) the shares proposed to be repurchased by the Company are fully paid up;
- (ii) the Company has previously sent to its shareholders the explanatory statement set out in the schedule to this letter; and
- (iii) the shareholders of the Company have in general meeting approved the Repurchase Mandate and the relevant documents in connection therewith have been delivered to the Stock Exchange.

LETTER FROM THE CHAIRMAN

An explanatory statement containing information relating to the Repurchase Mandate and as required pursuant to the Rules Governing the Listing of Securities on GEM of the Stock Exchange, in particular Rule 13.08, is set out in the schedule to this letter. The information in the explanatory statement is to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution relating to the Repurchase Mandate.

PROPOSED GENERAL MANDATE TO ISSUE NEW SHARES

At the AGM, it will also be proposed, by way of another ordinary resolution, that the directors of the Company be given a general and unconditional mandate to exercise all the powers of the Company to issue new shares in the Company up to 20 per cent. of the aggregate nominal value of the issued share capital of the Company on the date of the passing of the ordinary resolution (“New Issue Mandate”). In addition, it is further proposed, by way of another ordinary resolution, that the New Issue Mandate be extended so that the directors of the Company be given a general mandate to issue further shares in the Company of an aggregate nominal value equal to the aggregate nominal value of the share capital of the Company repurchased under the Repurchase Mandate. Any issue of new shares in the Company is subject to approval from the Stock Exchange for the listing of and permission to deal in such new shares.

THE AGM

The following are the details of the AGM:

Date : Thursday, 17th April, 2003
Time : 11:30 a.m.
Venue : 35/F., Shenzhen Development Centre,
Renminnan Road,
Luohu District,
Shenzhen,
The People’s Republic of China

The Repurchase Mandate and the New Issue Mandate will be proposed as ordinary resolutions at the AGM for your consideration and approval. Notice of the AGM has been sent to you together with this circular. A form of proxy for the AGM is enclosed with this circular. Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return it to the Company’s branch share registrar, Hong Kong Registrars Limited, Rooms 1901-1905, 19th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the AGM. The completion and delivery of a form of proxy will not preclude you from attending and voting at the meeting in person.

RECOMMENDATION

The directors of the Company consider that the granting of the general mandates referred to in this circular are in the best interests of the Company and its shareholders and so recommend shareholders to vote in favour of the resolutions at the AGM.

Yours faithfully,
Gu Chu Jun
Chairman

SCHEDULE

EXPLANATORY STATEMENT

The following is the explanatory statement required to be sent to shareholders pursuant to Rule 13.08 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“GEM Listing Rules”) in connection with the proposed Repurchase Mandate which, if approved, would authorise directors of the Company to repurchase shares of HK\$0.10 each (“Shares”) in the Company.

(a) Number of Shares which may be repurchased

Exercise in full of the Repurchase Mandate, on the basis of 1,000,000,000 Shares in issue as at 20th March, 2003 (being the latest practicable date (the “Latest Practicable Date”) for ascertaining certain information prior to the printing of this circular), would result in 100,000,000 Shares being repurchased by the Company during the period prior to the next annual general meeting of the Company following the passing of the resolution at the AGM approving the Repurchase Mandate.

(b) Reasons for proposed repurchase of Shares

The directors of the Company (“Directors”) believe that it is in the interests of the Company and its shareholders to have a general authority from shareholders to enable the Directors to repurchase Shares on GEM. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets of the Company and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its shareholders.

(c) Source of funds

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its articles of association and the laws of the Cayman Islands.

(d) Effect of exercising the Repurchase Mandate

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the 2002 annual report of the Company) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

SCHEDULE

(e) Who may sell Shares in the event the Repurchase Mandate is exercised

No connected person (as defined in the GEM Listing Rules) has notified the Company that he has a present intention to sell Shares and no connected person (as defined in the GEM Listing Rules) has undertaken not to sell any of the Shares held by him to the Company in the event that the Company is authorised to make purchases of Shares.

None of the Directors and, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the GEM Listing Rules), has any present intention, in the event that the Repurchase Mandate is approved, to sell any Shares to the Company or its subsidiaries.

(f) Directors' undertaking

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands.

(g) The Hong Kong Code on Takeovers and Mergers

If, as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Code"). As a result, a shareholder, or a group of shareholders acting in concert (within that term's meaning under the Code), depending on the level of increase in the shareholders interests, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code.

As at the Latest Practicable Date, Greencool Capital Limited, which is an initial management shareholder of the Company, held 625,940,000 Shares (approximately 62.59 per cent of the issued Shares). If the Repurchase Mandate is exercised in full, then, as a result solely of such repurchase, Greencool Capital Limited's shareholding will increase to approximately 69.55 per cent of the Shares in issue as at the Latest Practicable Date. As at the Latest Practicable Date, the Directors are not aware of any consequences for Greencool Capital Limited under the Code as a result, solely, of the Directors exercising the Repurchase Mandate in full.

(h) No purchases of Shares by the Company

The Company has not purchased any Shares in the previous six months.

SCHEDULE

(i) **Shares prices**

The highest and lowest prices at which the Shares were traded on GEM during each of the previous twelve calendar months were as follows:

| | Shares | |
|---------------------------------|----------------|---------------|
| | Highest | Lowest |
| | <i>HK\$</i> | <i>HK\$</i> |
| 2002 | | |
| March | 2.075 | 1.590 |
| April | 1.820 | 1.520 |
| May | 1.720 | 1.340 |
| June | 1.400 | 1.210 |
| July | 1.500 | 0.970 |
| August | 1.150 | 0.850 |
| September | 1.000 | 0.500 |
| October | 0.690 | 0.290 |
| November | 0.620 | 0.400 |
| December | 0.470 | 0.405 |
| 2003 | | |
| January | 0.760 | 0.405 |
| February | 0.710 | 0.600 |
| March (Latest Practicable Date) | 0.640 | 0.475 |