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GREENCOOL TECHNOLOGY HOLDINGS LTD.

格林柯爾科技控股有限公司*

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8056

DISCLOSEABLE TRANSACTION CLARIFICATION ANNOUNCEMENT

SUMMARY

The Board is pleased to announce that on 6th August, 2004, the Company's wholly-owned subsidiary, Shang Qiu Greencool Refrigeration Truck and the Vendor entered into the Agreement under which Shang Qiu Greencool Refrigeration Truck agreed to acquire the Assets from the Vendor. The Acquisition would enable the Group to diversify its existing business into manufacturing of refrigeration trucks and thereby provide more integration to the Group's existing conversion engineering business and distribution business of Greencool Refrigerants.

The entering into the Agreement constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules. A circular containing details of the transaction will be dispatched to Shareholders as soon as practicable.

The Company notes that an article in the China Daily dated 6th August, 2004 referred to a number of transactions which are proposed to be effected by "Greencool". The Company is not party to or involved in any other transaction referred to in the Article.

THE AGREEMENT

Date: 6th August, 2004

Parties: (i) Shang Qiu Greencool Refrigeration Truck (as purchaser), a wholly-owned subsidiary of the Company

(ii) Shang Qiu Bing Xiong Refrigeration Equipment (as vendor)

- Assets:
- (i) manufacturing and production facilities and machineries for refrigeration trucks, together with liabilities; and
 - (ii) Land and Property

The valuation of the Assets is based on the Valuation Report in respect of the Land and Property and net book value in respect of other manufacturing and production machinery. The value of the Assets prior to downward adjustments (if any) was approximately RMB13,312,879.35 (equivalent to approximately HK\$12,514,106.58) for Assets (other than Land and Property) as at 30th June, 2004, and based on the Valuation Report the value of the Land and Property as at 23rd June, 2004 was approximately RMB201,000,000 (equivalent to approximately HK\$188,940,000). Under the Agreement, depending on asset verification exercise to determine if there have been any further reduction in value of the Assets after 30th June, 2004, there may be a downward adjustments to price. Pursuant to the Agreement the parties have agreed to limit the liabilities to a maximum of RMB8,642,860.84 (equivalent to approximately HK\$8,124,289.19).

Liabilities: Under the agreement, the Purchaser has agreed to assume liabilities of up to RMB8,642,860.84 (equivalent to approximately HK\$8,124,289.19). These liabilities are primarily amounts due to suppliers to the Vendor in connection with inventory previously delivered to the Vendor. Some of the inventory is part of the assets acquired by us, some have already been used by the Vendor. By agreeing to assume the liabilities, the Purchaser can, subject to agreement with the supplier, discuss terms and timing of repayment and future terms of supply. To the extent that favourable credit terms can be negotiated with the suppliers, the Purchaser need not utilise cash on completion to pay the Vendor because if the Purchaser did not assume the liabilities it would simply have been reflected by a corresponding increase in price. This enables the Purchaser to better manage the cash outlay in this transaction and to build relationships with suppliers.

Conditions: Approval of the transfer of these Assets, liabilities, Land and Property by the relevant local municipal government of Shang Qiu City, and production of the verification exercise report in the form acceptable to the Company.

Consideration: An aggregate of RMB185,000,000 equivalent to approximately HK\$173,900,000. This is equivalent to the sum of the book value of assets (other than Land and Property), the Land and Property (as per Valuation Report), less the maximum amount of liabilities the Purchaser has agreed to assume under the Agreement and thereafter rounding down to RMB185,000,000 after a 10% discount. The Consideration is subject to downward adjustments (if any) is payable in three stages whereby RMB18,500,000 (equivalent to approximately HK\$17,390,000) will be paid within 10 working days of signing, RMB74,000,000 (approximately HK\$69,560,000) will be paid within 10 working days of obtaining the certificate from the Land Administration Bureau confirming the value of the land to be acquired and the final payment of the balance, taking into account the downward adjustments (if any) in respect of the Assets and liabilities, will be paid within 10 working days of completion of verification of the Assets and liabilities.

THE CONSIDERATION

The Consideration for the Acquisition, being RMB185,000,000 (equivalent to approximately HK\$173,900,000) prior to downward adjustments (if any), was arrived at based on arm's length negotiations between the Purchaser and the Vendor by reference to the book value of the Assets being RMB13,312,879.35 (equivalent to approximately HK\$12,514,106.58) for Assets (other than Land and Property) as at 30th June, 2004 and Liabilities being no more than RMB8,642,860.84 (equivalent to approximately HK\$8,124,289.19) and valuation of the Land and Property, being approximately RMB201,000,000 (equivalent to approximately HK\$188,940,000). The aforesaid Consideration represents an amount which is approximately equal to a 10% discount of the net book value of the Assets (other than Land and Property) and the valuation of the Land and Property less the maximum liabilities. The Board considers that the Consideration is fair and reasonable.

INFORMATION ON THE COMPANY

The Group is engaged in the replacement of CFC refrigerants and certain types of less energy-efficient CFC-free refrigerants with Greencool Refrigerants in refrigeration and air-conditioning systems and the distribution of Greencool Refrigerants in the PRC. The replacement business generally includes the extraction of CFC refrigerants from and the injection of CFC-free refrigerants into the clients' refrigeration and air-conditioning systems and testing and maintenance services for the clients' systems after the replacement work. The distribution business generally includes the marketing and sale of CFC-free refrigerants to a number of authorized agents in the PRC.

INFORMATION ON THE VENDOR

The Vendor is located in Shang Qiu City, Henan Province, PRC and is an integrated production company. The Assets to be sold to the Purchaser under the Agreement are for the manufacturing and production of refrigeration trucks.

To the best of the directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and its ultimate beneficial owner, the local municipal government of Shang Qiu City, are third parties independent of the Company and its connected persons (as defined under the GEM Listing Rules).

REASONS FOR THE ACQUISITION

The Group is engaged in the replacement of CFC refrigerants and certain types of less energy-efficient CFC-free refrigerants with Greencool Refrigerants in refrigeration and air-conditioning systems and the distribution of Greencool Refrigerants in the PRC. As stated in the Company's first 2004 quarterly report, the Board has always been looking for new opportunities in order to further develop and diversify its existing businesses to refrigeration-related manufacturing business. The Board considers that the Acquisition provides a good opportunity for the Group to integrate its businesses by diversifying into the manufacturing of refrigeration trucks.

GENERAL

The entering into the Agreement constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules. A circular containing details of the transaction will be dispatched to Shareholders as soon as practicable.

CLARIFICATION

The Company notes that an article in the China Daily dated 6th August, 2004 referred to a number of transactions which are proposed to be effected by “Greencool”. The Company is not party to or involved in any other transaction referred to in the Article.

DEFINITIONS

“Acquisition”	the acquisition of the Assets pursuant to the Agreement
“Agreement”	the agreement dated 6th August, 2004 entered into between the Purchaser and the Vendor in relation to the acquisition of the Assets
“Assets”	the assets of the Vendor including manufacturing and production facilities and machineries, the Land and Property
“Board”	the board of directors of the Company
“CFC”	chlorofluorocarbon
“Company”	Greencool Technology Holdings Ltd., whose shares are listed on GEM
“Completion”	the completion of the Acquisition
“Directors”	the directors of the Company
“Exchange”	The Stock Exchange of Hong Kong Limited
“GEM”	the Growth Enterprise Market of the Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Greencool Refrigerants”	CFC-free refrigerants
“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
“Land and Property”	certain parcels of land and property in Shang Qiu City, Henan Province in the PRC of the Vendor which form part of the Assets, and which is valued at RMB201,000,000 (equivalent to approximately HK\$188,940,000) as at 30th June, 2004 in the Valuation Report
“PRC”	the People’s Republic of China

“Purchaser”	Shang Qiu Greencool Refrigeration Truck
“RMB”	Renminbi, the lawful currency of the PRC
“Shang Qiu Bing Xiong Refrigeration Equipment”	Shang Qiu Bing Xiong Refrigeration Equipment Corporation Limited, a company incorporated under the laws of the PRC, which is an integrated production company
“Shang Qiu Greencool Refrigeration Truck”	Shang Qiu Greencool Refrigeration Truck Corporation Limited, a company incorporated under the laws of the PRC and which is a wholly-owned subsidiary of the Company
“Share(s)”	shares of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares of the Company
“Valuation Report”	valuation report dated 23rd June, 2004 and prepared by Grant Sherman Appraisal Limited, an independent valuer, in respect of the Land and Property
“Vendor”	Shang Qiu Bing Xiong Refrigeration Equipment

For the purpose of this announcement, conversions of RMB into HK\$ are made, for illustration purposes only, at the rate of RMB1 = HK\$0.94. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at the above rates or at any other rates or at all.

By order of the Board
Gu Chu Jun
 Chairman

Hong Kong 11th August, 2004

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 founded on bases and assumptions that are fair and reasonable.

As at the date of this announcement, the board of directors of the Company comprises six executive directors, being Mr. Gu Chu Jun, Mr. Hu Xiao Hui, Mr. Zhang Xi Han, Mr. Liu Cong Meng, Mr. Xu Wan Ping and Mr. Chen Chang Bei and two independent non-executive Directors, Mr. Fan Jia Yan and Ms. Margaret Man.

This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least seven days from the day of its posting and on the website of the Company at www.greencool.com.hk.

* *for identification purposes only*