

**IN THE MATTER OF  
GREENCOOL TECHNOLOGY HOLDINGS LIMITED  
AND ITS LISTED SECURITIES (STOCK CODE 8056)**

**NOTICE TO THE MARKET MISCONDUCT TRIBUNAL  
PURSUANT TO SECTION 252(2) AND SCHEDULE 9 OF THE  
SECURITIES AND FUTURES ORDINANCE CAP. 571  
("ORDINANCE")**

Whereas it appears to the Commission that market misconduct within the meaning of section 277 of Part XIII of the Ordinance has or may have taken place in relation to the securities of Greencool Technology Holdings Limited (Stock Code 8056) listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited, the Market Misconduct Tribunal is hereby required to conduct proceedings and determine:

- (a) whether any market misconduct has taken place;
- (b) the identity of any person who has engaged in the market misconduct; and
- (c) the amount of any profit gained or loss avoided as a result of the market misconduct.

**Persons Specified**

- (1) Gu Chujun ("**Gu**");
- (2) Zhang Xihan ("**Zhang**");
- (3) Hu Xiaohui ("**Hu**");
- (4) Liu Congmeng ("**Liu**");
- (5) Xu Wanping ("**Xu**");
- (6) Chen Changbei ("**Chen**");
- (7) Fan Jiayan ("**Fan**");
- (8) Margaret Man ("**Man**"); and
- (9) Mok Henry Wing Kai ("**Mok**");

((1) to (9) collectively "**Specified Persons**")

### Statement for Institution of Proceedings

1. Greencool Technology Holdings Limited (“**Greencool**”) was a company incorporated in the Cayman Islands on 10 January 2000. Its shares were listed on the Growth Enterprise Market (“**GEM**”) of the Stock Exchange of Hong Kong Limited on 13 July 2000 (stock code 8056). The trading of its shares was suspended from 1 August 2005 and it was delisted on 18 May 2007.
2. As at 18 May 2007, Greencool Capital Limited, a company owned by Gu and incorporated in the British Virgin Islands, held and controlled approximately 61.61% of the issued shares of Greencool. Between 2000 and 2006, Gu held and controlled approximately the following percentages of the issued shares of Greencool via Greencool Capital Limited:

<b>Date</b>	<b>Percentage</b>
31.12.2000	71.1%
31.12.2001	62.5%
31.12.2002	62.6%
31.12.2003	62.6%
31.12.2004	62.6%
27.6.2005	62.59%
1.6.2006	62.59%

3. On 5 March 2010, Greencool was struck off the register of non-Hong Kong companies by the Registrar of Companies of Hong Kong. On 31 July 2012, Greencool was struck off the register by the Registrar of the Cayman Islands General Registry.

4. At all material times, Greencool was a holding company with no trading business. It had various subsidiaries that purported to carry on a business in the manufacturing and replacement of energy efficient chlorofluorocarbon-free coolants for refrigeration and air-conditioning systems in the People's Republic of China ("PRC"). These subsidiaries (collectively "**Greencool subsidiaries**") included:

4.1. Greencool Environmental Protection Engineering (Shenzhen) Company Limited ("**Shenzhen Greencool**");

4.2. Beijing Greencool Environmental Protection Engineering Company Limited ("**Beijing Greencool**");

4.3. Beijing Greencool New Model Refrigerants Conversion Engineering Company Limited ("**Beijing Greencool New Model**");

4.4. Hainan Greencool Environmental Protection Engineering Company Limited ("**Hainan Greencool**");

4.5. Hubei Greencool Environmental Protection Engineering Company Limited ("**Hubei Greencool**");

4.6. Wuhan Greencool Refrigerants Replacement Engineering Company Limited ("**Wuhan Greencool**");

4.7. Jiangsu Greencool Environmental Protection Engineering Company Limited ("**Jiangsu Greencool**");

4.8. Shanghai Greencool Environmental Protection Engineering Company Limited ("**Shanghai Greencool**"); and

4.9. Tianjin Greencool Environmental Protection Engineering Company Limited ("**Tianjin Greencool**").

5. At various times, the Specified Persons were officers of Greencool occupying the following positions.

<b>Name</b>	<b>Role(s)</b>	<b>Appointment date</b>	<b>Resignation date</b>
Gu	Chairman	10 Jan 2000	-
	Chief Executive Officer	10 Jan 2000	25 Apr 2002
Zhang	Chief Operating Officer	25 Apr 2002	-
	Executive Director	1 Jun 2000	-
Hu	Chief Executive Officer	25 Apr 2002	-
	Vice Chairman	1 Jun 2000	-
	Audit Committee Member	1 Jun 2000	23 Sept 2004
Liu	Executive Director	1 Jun 2000	4 Aug 2005
Xu	Executive Director	1 Jun 2000	-
Chen	Executive Director	1 Jun 2000	-
	Compliance Officer	1 Jun 2000	-
Fan	Independent Non-Executive Director	1 Jun 2000	3 Feb 2006
	Chairman of the Audit Committee	1 Jun 2000	3 Feb 2006
Man	Independent Non-Executive Director	1 Jun 2000	3 Feb 2006
	Audit Committee Member	1 Jun 2000	3 Feb 2006
Mok	Qualified Accountant and Company Secretary	1 Jun 2000	5 May 2006

6. On various dates between 2001 and 2005, Greencool and the Specified Persons disclosed, circulated or disseminated or alternatively authorized or were concerned in the disclosure, circulation or dissemination of:

6.1. The audited accounts of Greencool and its subsidiaries for the financial years ended 31 December 2000, 31 December 2001, 31 December 2002, 31 December 2003 and 31 December 2004 respectively (collectively “**Annual Accounts**”).

6.2. The combined final results of Greencool and its subsidiaries for the financial years ended 31 December 2000, 31 December 2001, 31 December 2002, 31 December 2003 and 31 December 2004 respectively as stated in the Annual Results Announcements made by Greencool for those years (collectively “**Final Results**”).

7. The Annual Accounts contained, inter alia, the following information about Greencool and its subsidiaries (collectively “**Group**”):

<b>Financial year ended</b>	<b>Bank deposits and cash (RMB)</b>	<b>Bank loans (RMB)</b>	<b>Net asset value (RMB)</b>	<b>Sales (Revenue/ Turnover) (RMB)</b>	<b>Profit after tax (RMB)</b>	<b>Trade Receivables (RMB)</b>
31.12.2000	850,695,000	20,000,000	1,140,010,000	363,897,000	269,124,000	86,207,000
31.12.2001	850,621,000	80,000,000	1,295,254,000	516,330,000	314,342,000	96,666,000
31.12.2002	1,031,033,000	68,000,000	1,325,115,000	321,420,000	82,688,000	52,700,000
31.12.2003	1,114,560,000	75,000,000	1,333,572,000	106,834,000	8,624,000	17,095,000
31.12.2004	977,729,000	24,000,000	1,350,193,000	184,845,000	16,621,000	30,439,000

8. The information contained in the Annual Accounts as referred to in paragraph 7 (bank deposits, bank loans, net asset value, sales, profit after tax and trade receivables) above was false or misleading as to a material fact or was false or misleading through the omission of a material fact:

8.1. In relation to bank deposits:

- 8.1.1. The amounts of the Group's bank deposits stated in the Annual Accounts for the financial years ended 31 December 2000 to 31 December 2004 were overstated by approximately RMB 388,795,191.11, RMB 500,836,133.78, RMB 741,646,761.41, RMB 877,741,235.98 and RMB 625,379,047.40 respectively.
- 8.1.2. In particular, Shenzhen Greencool maintained 3 sets of accounts, designated the 001, 002 and 003 accounts respectively. The 001 accounts were the real accounts but were never produced to the auditors of Greencool who audited the Annual Accounts ( "**Hong Kong auditors**"). The Hong Kong auditors were only given the 002 accounts which inflated, inter alia, the amounts of bank deposits.
- 8.1.3. Hainan Greencool maintained 3 sets of accounts, designated the 001, 002 and 003 accounts respectively. The 001 accounts were the real accounts but were never produced to the Hong Kong auditors. The Hong Kong auditors were only given the 002 accounts which inflated, inter alia, the amounts of bank deposits.
- 8.1.4. Hubei Greencool had maintained 2 sets of accounts. The first set of accounts was the real accounts but was never produced to the Hong Kong auditors. The Hong Kong auditors were supplied with the second set of accounts which contained inflated or incorrect figures on, inter alia, the amounts of bank deposits.
- 8.1.5. The Hong Kong auditors were supplied with 1 set of accounts with regard to Wuhan Greencool which contained inflated or incorrect figures on, inter alia, the amounts of bank deposits.
- 8.1.6. Beijing Greencool maintained 1 set of accounts which was produced to the Hong Kong auditors. The amounts of bank deposits stated in the accounts were inflated.

- 8.1.7. Beijing Greencool New Model maintained 1 set of accounts which was produced to the Hong Kong auditors. The amounts of bank deposits stated in the accounts were inflated.
- 8.2. In relation to bank loans, a substantial amount of the bank loans owed by Beijing Greencool, Hubei Greencool, Jiangsu Greencool and Shenzhen Greencool were not disclosed in the Annual Accounts.
- 8.2.1. The undisclosed amount of bank loans outstanding as at 31 December 2000 was RMB 98,000,000.
- 8.2.2. The undisclosed amount of bank loans outstanding as at 31 December 2001 was RMB 152,000,000.
- 8.2.3. The undisclosed amount of bank loans outstanding as at 31 December 2002 was RMB 240,200,000.
- 8.2.4. The undisclosed amount of bank loans outstanding as at 31 December 2003 was RMB 184,000,000.
- 8.2.5. The undisclosed amount of bank loans outstanding as at 31 December 2004 was RMB 279,000,000.
- 8.3. In relation to net asset value, as a result of the overstatement of bank deposits referred to in paragraph 8.1 above and the non-disclosure of the bank loans referred to in paragraph 8.2 above, the net asset value of the Group for the financial years ended 31 December 2000 to 2004 was overstated in the Annual Accounts by approximately RMB 486,795,191, RMB 652,836,134, RMB 981,846,761, RMB 1,061,741,236 and RMB 904,379,047 respectively.
- 8.4. In relation to sales, profit after tax and trade receivables:

- 8.4.1. Shenzhen Greencool maintained 3 sets of accounts, designated the 001, 002 and 003 accounts respectively. The 001 accounts were the real accounts but were never produced to the Hong Kong auditors. The Hong Kong auditors were only given the 002 accounts which inflated, inter alia, the amounts of sales, profit after tax and trade receivables.
- 8.4.2. Hainan Greencool maintained 3 sets of accounts, designated the 001, 002 and 003 accounts respectively. The 001 accounts were the real accounts but were never produced to the Hong Kong auditors. The Hong Kong auditors were only given the 002 accounts which inflated, inter alia, the amounts of sales, profit after tax and trade receivables.
- 8.4.3. Hubei Greencool had maintained 2 sets of accounts. The first set of accounts was the real accounts but was never produced to the Hong Kong auditors. The Hong Kong auditors were supplied with the second set of accounts which contained inflated or incorrect figures on, inter alia, sales, profit after tax and trade receivables.
- 8.4.4. The Hong Kong auditors were supplied with 1 set of accounts of Wuhan Greencool which contained inflated or incorrect figures on, inter alia, sales, profit after tax and trade receivables.
- 8.4.5. Beijing Greencool maintained 1 set of accounts which was produced to the Hong Kong auditors. The amounts of, inter alia, sales, profit after tax and trade receivables stated in the accounts were inflated.
- 8.4.6. Beijing Greencool New Model maintained 1 set of accounts which was produced to the Hong Kong auditors. The amounts of, inter alia, sales, profit after tax and trade receivables stated in the accounts were inflated.



9. The Final Results contained, inter alia, the following information about the Group:
- 9.1. For the financial year ended 31 December 2000, the Group had revenue of RMB 363,897,000, profit after tax of RMB 269,124,000 and earnings per share of RMB 31 cents.
- 9.2. For the financial year ended 31 December 2001, the Group had revenue of RMB 516,330,000, profit after tax of RMB 314,342,000 and earnings per share of RMB 31 cents.
- 9.3. For the financial year ended 31 December 2002, the Group had revenue of RMB 321,420,000, profit after tax of RMB 82,688,000 and earnings per share of RMB 8.3 cents.
- 9.4. For the financial year ended 31 December 2003, the Group had revenue of RMB 106,834,000, profit after tax of RMB 8,624,000 and earnings per share of RMB 0.9 cent.
- 9.5. For the financial year ended 31 December 2004, the Group had revenue of RMB 184,845,000, profit after tax of RMB 16,621,000 with earnings per share of RMB 1.7 cents.
10. The information referred to in paragraphs 7 and 9 above separately and together was likely to induce the subscription, sale or purchase in Hong Kong of the securities of Greencool by another person or to maintain, increase, reduce or stabilize the price of the securities of Greencool in Hong Kong.
11. Gu knew that, or was reckless or negligent as to whether, the information stated in paragraphs 7 and 9 above was false or misleading as to a material fact or was false or misleading through the omission of a material fact.

12. Zhang knew that, or was reckless or negligent as to whether, the information stated in paragraphs 7 and 9 above was false or misleading as to a material fact or was false or misleading through the omission of a material fact.
13. Hu knew that, or was reckless or negligent as to whether, the information stated in paragraphs 7 and 9 above was false or misleading as to a material fact or was false or misleading through the omission of a material fact.
14. Liu knew that, or was reckless or negligent as to whether, the information stated in paragraphs 7 and 9 above was false or misleading as to a material fact or was false or misleading through the omission of a material fact.
15. Xu knew that, or was reckless or negligent as to whether, the information stated in paragraphs 7 and 9 above was false or misleading as to a material fact or was false or misleading through the omission of a material fact.
16. Chen knew that, or was reckless or negligent as to whether, the information stated in paragraphs 7 and 9 above was false or misleading as to a material fact or was false or misleading through the omission of a material fact.
17. Fan was reckless or negligent as to whether the information stated in paragraphs 7 and 9 above was false or misleading as to a material fact or was false or misleading through the omission of a material fact.
18. Man was reckless or negligent as to whether the information stated in paragraphs 7 and 9 above was false or misleading as to a material fact or was false or misleading through the omission of a material fact
19. Mok was reckless or negligent as to whether the information stated in paragraphs 7 and 9 above was false or misleading as to a material fact or was false or misleading through the omission of a material fact.

20. By reason of the matters aforesaid, the Specified Persons have or may have contravened section 277(1) of the Ordinance and therefore have or may have engaged in market misconduct.

Dated this the 17<sup>th</sup> day of June 2014.

*Securities & Futures Commission*  
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