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# CARICO HOLDINGS LIMITED

## 中汽資源投資有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 729)**

### DISCLOSEABLE TRANSACTION AND LAPSE OF THE NON-LEGALLY BINDING MEMORANDUM OF UNDERSTANDING

**Financial adviser to the Company**



博大資本國際有限公司

Partners Capital International Limited

#### **Discloseable Transaction**

The Company announces that on 24 January 2006, the Purchaser, an indirect wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendors pursuant to which the Purchaser agreed to acquire from the Vendors the Sale Shares, being the entire issued share capital of Infast, at a maximum cash consideration of HK\$10,500,000. Infast is principally engaged in stockbroking and related securities businesses.

The Acquisition constitutes a discloseable transaction of the Company under the Listing Rules. A circular containing details of the Acquisition will be despatched to the Shareholders as soon as practicable.

#### **Lapse of the MOU**

Given the extended deadline for the negotiation and finalisation of the agreements under the MOU has expired on 23 January 2006 and no terms and conditions for the Proposed Investments have been agreed between the relevant parties, the MOU has lapsed.

#### **THE SALE AND PURCHASE AGREEMENT DATED 24 JANUARY 2006**

##### **Parties**

**Purchaser:** Fullbelief International Limited, a company incorporated in the British Virgin Islands with limited liability and indirectly wholly owned by the Company

**Vendors:** Mr. Lau Chi Wah and Mr. Chan Chee Chun, Charles, being Independent Third Parties

Mr. Chan Wai Ming, Deputy Chairman and Chief Executive Officer of the Company, has known the Vendors for many years through previous business dealings.

##### **Assets to be acquired**

**Sale Shares:** 20,000,000 shares of HK\$1.00 each in the issued share capital of Infast, owned as to 95% by Mr. Lau and as to 5% by Mr. Chan, representing the entire issued share capital of Infast

## **Consideration**

The Consideration payable for the Sale Shares by the Purchaser to the Vendors shall be the aggregate sum of (i) HK\$1,350,000 and (ii) the Net Asset Value to be adjusted (if necessary) in accordance with the Adjustments as mentioned below and always subject to the maximum amount of Consideration in the amount of HK\$10,500,000.

The Consideration was determined by the parties to the Sale and Purchase Agreement after arm's length negotiations with reference to the audited net assets of Infast as at 31 March 2005 of approximately HK\$12,120,000. Based on the management accounts of Infast for the nine months ended 31 December 2005, the unaudited net assets of Infast as at 31 December 2005 were approximately HK\$10,568,000. The Consideration will be funded by the proceeds from the placing of shares of the Company in May 2005 and internal resources of the Group.

The Consideration shall be paid as follows:–

- (a) upon signing of the Sale and Purchase Agreement, a sum of HK\$300,000 shall be paid as deposit and in part payment of the Consideration payable for the Sale Shares of which as to HK\$285,000 and HK\$15,000 shall be payable to Mr. Lau and Mr. Chan respectively; and
- (b) on Completion, the Purchaser shall pay (i) one-third of the balance of the Consideration (“Stakeholders’ Money”) in favour of the Vendors’ solicitors as stakeholder for the Vendors and the Purchaser for the Adjustments as mentioned below and (ii) the remaining balance of the Consideration of which as to 95% and 5% of the remaining balance of the Consideration shall be payable to Mr. Lau and Mr. Chan respectively.

The deposit of HK\$300,000 has been paid to the Vendors on 24 January 2006.

## **The Adjustments**

The Vendors shall procure Infast to draw up and deliver to the Purchaser the Proforma Completion Accounts not less than two Business Days prior to the Completion Date. Pursuant to the Sale and Purchase Agreement, within five Business Days after Completion, the Vendors shall procure Infast to draw up and deliver to the Purchaser the Completion Accounts. This is a term of the Sale and Purchase Agreement which shall not be waived. In the event that there are any material variations made to the Sale and Purchase Agreement, the Company will comply with the relevant requirements of the Listing Rules, if necessary.

In the event that the Net Asset Value as appeared in the Completion Accounts differs from the Net Asset Value as appeared in the Proforma Completion Accounts, then, in the event of a shortfall or a surplus in the amounts paid or received, the Vendors or the Purchaser shall within five Business Days after the delivery of the Completion Accounts and of agreement or determination of any amount due by one party to the other (as the case may be) pay to the other an amount equal to such shortfall or surplus as the case may be. In the case where the Vendors shall be required to pay the Purchaser, the Vendors shall first procure the Vendors’ solicitors to pay such amount from the Stakeholders’ Money to the Purchaser and the remaining balance payable by the Vendors to the Purchaser (if any) shall be paid by the Vendors to the Purchaser directly.

## **Conditions and Completion**

Completion shall be subject to and conditional upon the following conditions being fulfilled or waived in writing by the parties to the Sale and Purchase Agreement on or before the Completion Date:

- (a) the granting of the written approval or consent by the Stock Exchange for the change of the shareholders of Infast from the Vendors to the Purchaser and/or its nominee(s);
- (b) the granting of the written approval or consent by the SFC pursuant to section 132 of the SFO to the Purchaser becoming a substantial shareholder (as defined under the SFO) of Infast (subject to any conditions which may be imposed by the SFC, to which neither the Purchaser nor the Vendors may unreasonably object);
- (c) the Purchaser having conducted a due diligence review and investigation on Infast including without limitation to their assets, liabilities, contracts, commitments and business and financial and legal and taxation aspects to its reasonable satisfaction;
- (d) the Vendors, with the reasonable assistance provided by the Purchaser, obtaining the release from Infast’s bankers, all the Vendors’ continuing personal guarantee and indemnity for Infast; and
- (e) the transfer and novation of (i) the Tenancy Agreement and (ii) the Licence to Infast upon substantially the same terms and conditions as the existing terms and conditions of the Tenancy Agreement and the Licence on or before Completion to the reasonable satisfaction of the Purchaser.

The above conditions may be waived by the Purchaser at its sole absolute discretion by sending a notice in writing to the Vendors. At the present moment, the Purchaser has no intention to waive any of the above conditions. In the event that any of the above conditions has not been fulfilled (or waived by the parties thereto) by 5:00 p.m. on 1 June 2006 (or such other date as the parties hereto may agree in writing), the deposit of HK\$300,000 shall forthwith be repaid by the Vendors to the Purchaser and thereafter the Sale and Purchase Agreement shall lapse and be terminated and thereafter all rights, obligations and liabilities of all parties thereunder shall cease and determine and no party shall have any claim against the others under the Sale and Purchase Agreement.

#### **INFORMATION ON INFAST**

Infast is a company incorporated in Hong Kong with limited liability on 28 April 1989 with registered capital of HK\$20,000,000. As at the date of this announcement, Infast is beneficially owned as to 95% by Mr. Lau and as to 5% by Mr. Chan. The Vendors are Independent Third Parties.

Infast is a licensed corporation to carry on business in type 1 (dealing in securities) regulated activities under the SFO and is an Exchange Participant (as defined under the Rules) and a holder of the Stock Exchange Trading Right. Under the Rules and the SFO, the change of shareholders of Infast would require the relevant approvals from the Stock Exchange and the SFC.

Based on the audited financial statements of Infast, the audited losses before and after taxation for the year ended 31 March 2005 were approximately HK\$966,000 and HK\$794,000 respectively and the audited loss before taxation and the audited profit after taxation for the year ended 31 March 2004 were approximately HK\$322,000 and HK\$2,291,000 respectively. The audited net assets of Infast as at 31 March 2005 were approximately HK\$12,120,000. Based on the management accounts of Infast for the nine months ended 31 December 2005, the amount of cash, the other assets, which mainly comprise compensation fund, fidelity fund, HKSCC admission fee, Central Clearing and Settlement System guarantee fund, deferred tax assets, accounts receivables from clients and receivables from HKSCC, and the liabilities of Infast were approximately HK\$8,522,000, HK\$13,457,000 and HK\$11,411,000 respectively and the unaudited net assets of Infast as at 31 December 2005 were approximately HK\$10,568,000.

#### **REASONS FOR THE ACQUISITION**

The Group is principally engaged in trading of high-tech automobile-related products and electronic components in Hong Kong and the PRC.

It is the corporate strategy of the Group to actively pursue and diversify investment opportunities in other fields with promising growing prospect. As mentioned in the 2005 interim report of the Company, the Group has been diversifying the risks of automotive component business by identifying strategic investments with promising growing prospect, giving the Group opportunities to make profits in advantageous market conditions. In an effort to diversify the cyclical risk of the industry and to utilise idle financial resources more effectively, the Board believes that appropriate strategic investments can increase the shareholder's return on the Group.

It is intended that Mr. Loo Chung Keung, Steve, Chairman of the Company and Mr. Chan Wai Ming, Deputy Chairman and Chief Executive Officer of the Company, will be nominated as directors of Infast. Mr. Loo has substantial business experience in investment, finance and media sectors in Hong Kong and the PRC and Mr. Chan has substantial exposure in the financial sector in Hong Kong and had been serving as head of dealing or dealing director in several local and international large-scale securities firms in Hong Kong such as Baring Asset Management (Asia) Limited, Instinet Alpha Trading Limited, Brighton Securities (Hong Kong) Limited and Crosby Securities (HK) Limited. It is expected that Infast will have sufficient licenced and experienced staff to carry on its business following Completion.

Given that the market capitalization of the Stock Exchange hit an all-time high in December 2005 at HK\$8,260.3 billion and the Stock Exchange set an annual turnover record of HK\$4,520 billion in 2005, the Board believes that Hong Kong will continue to serve as one of the Asian pillars in the global stock market. Although Infast has been recorded continual losses for the past two financial years, the Board has been holding a positive view on the securities market in Hong Kong and believes that the Hong Kong stock market will remain attractive to different types of investors in the long term. Further, given the extensive experience and the business network of the new management of Infast, the Board is of the view that the Acquisition is in line with the business strategy of the Group and will enable the Group to diversify into other business with promising growing prospect. The Board intends that the business of Infast is a strategic investment of the Company and will not become a new principal activity of the Company. The Board considered that the terms of the Sale and Purchase Agreement are fair and reasonable and the Acquisition is in the interests of the Shareholders as a whole.

## GENERAL

The Acquisition constitutes a discloseable transaction of the Company under the Listing Rules. A circular containing details of the Acquisition will be despatched to the Shareholders as soon as practicable.

## LAPSE OF THE MOU

References are made to the announcements (the “Announcements”) of the Company dated 5 August 2005 and 25 October 2005 relating to the non-legal binding memorandum of understanding (the “MOU”) dated 28 July 2005 (as varied by a supplemental memorandum of understanding dated 25 October 2005) entered into between the Company and 中信技術公司 (CITIC Technology Co., Limited) (“Party B”) in relation to the proposed acquisition of 20% equity interest of 北京吉信氣彈簧製品有限公司 (Beijing CITI BEN GS Product Co., Ltd.) and 20% equity interest of 天津津信汽車塑料製品有限公司 (Tianjin Jinxin Motorcar Plastic Parts Co., Ltd.) from Party B (the “Proposed Investments”) at an aggregate consideration of approximately RMB30 million and the extension for the negotiation and finalisation of the Proposed Investments from 90 days from the date of the MOU to 180 days from the date of the MOU (the “Extension”).

As mentioned in the announcement of the Company dated 25 October 2005, the Extension is to allow more time to review the due diligence documents for facilitating the negotiation and finalisation of the terms and conditions for the Proposed Investments. As the extended deadline has expired and no agreement has been reached between the relevant parties for the terms and conditions for the Proposed Investments, the MOU has lapsed. The proceeds from the open offer of the Company in October 2005 of approximately HK\$28.8 million which were reserved for the Proposed Investments will be released for future working capital and/or investments. Apart from the Acquisition, the Company has not identified any investment opportunity in any new projects which are considered appropriate to the Group.

As at the date of this announcement, the Board comprises (1) Mr. Loo Chung Keung, Steve (Chairman), Mr. Chan Wai Ming (Deputy Chairman and Chief Executive Officer), Mr. Sun Yeung Yeung and Mr. Zu Yuan as executive Directors; (2) Mr. Gouw Kar Yiu, Carl, Mr. Tung Tat Chiu, Michael and Mr. Chak Chi Man as non-executive Directors and (3) Mr. Pang Chun Sing, Mr. Chan Chun Wai and Mr. Wong Miu Sung as independent non-executive Directors.

## DEFINITIONS

“Acquisition”	the acquisition of the Sale Shares by the Purchaser pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day”	a day on which retail banks are open for business in Hong Kong (excluding Saturday)
“Company”	Carico Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Completion”	completion of the Sale and Purchase Agreement
“Completion Accounts”	the unaudited management accounts of Infast comprising its balance sheet as at the Completion Date and its profit and loss account for the period from 1 April 2005 to the Completion Date to be delivered to the Purchaser within five Business Days after Completion
“Completion Date”	the date falling within five Business Days after the date of fulfillment of the conditions precedent of the Sale and Purchase Agreement
“Consideration”	the consideration for the Acquisition
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	independent third parties not connected with the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or their respective associates

“Infast”	Infast Brokerage Limited 進滙證券有限公司, a company incorporated in Hong Kong with limited liability
“Liabilities”	the aggregate of all liabilities and provisions as at the Completion Date including but not limited to the provisions for taxation, bad and doubtful debts, dividends or other distributions payable, and all other liabilities
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Licence”	the licence dated 30 June 2005 entered into between Foxhill Investments Limited and Infast Investment Limited, both being Independent Third Parties, in respect of Infast’s existing storeroom at the Storeroom at 26th Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong
“Mr. Chan”	Mr. Chan Chee Chun, Charles, being one of the Vendors
“Mr. Lau”	Mr. Lau Chi Wah, being one of the Vendors
“Net Asset Value”	means (i) cash of Infast as at the Completion Date and (ii) Other Assets as at the Completion Date minus (iii) Liabilities
“Other Assets”	admission fees paid to HKSCC, compensation fund deposit, deposit to replenish the compensation fund, fidelity fund and Central Clearing and Settlement System guarantee fund together with all accounts receivable, all refunds, all other deposits, prepayments, cash at bank and cash in hand
“PRC”	the People’s Republic of China
“Proforma Completion Accounts”	the unaudited proforma management accounts of Infast comprising its balance sheet as at the Completion Date and its profit and loss account for the period from 1 April 2005 to the Completion Date to be delivered to the Purchaser not less than two Business Days prior to the Completion Date
“Purchaser”	Fullbelief International Limited, a company incorporated in the British Virgin Islands with limited liability and indirectly wholly owned by the Company
“Rules”	the Rules of the Stock Exchange prescribed by the Stock Exchange Board as from time to time in effect
“Sale and Purchase Agreement”	a sale and purchase agreement dated 24 January 2006 entered into between the Purchaser and the Vendors in respect of the Acquisition
“Sale Shares”	20,000,000 shares of HK\$1.00 each in the issued share capital of Infast, owned as to 95% by Mr. Lau and as to 5% by Mr. Chan, representing the entire issued share capital of Infast
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of Shares issued for the time being
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 6 May 2005 entered into between Foxhill Investments Limited and Infast Investment Limited, both being Independent Third Parties, in respect of Infast’s existing office at Unit 2601, 26th Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong
“Stock Exchange Trading Right”	the Exchange Trading Right (as defined under Rule 101 of the Rules) held by and registered in the name of Infast
“Vendors”	Mr. Lau and Mr. Chan
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board  
**Carico Holdings Limited**  
**Loo Chung Keung, Steve**  
*Chairman*

Hong Kong, 26 January 2006

\* *For identification purposes only*

“Please also refer to the published version of this announcement in The Standard.”