



CARICO HOLDINGS LIMITED 中汽資源投資有限公司\*  
(Incorporated in Bermuda with limited liability)

Stock Code : 729

# 2007

*Interim Report*



\* For identification purposes only

The board of directors (the "Board") of Carico Holdings Limited (the "Company") is pleased to present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (together, the "Group") for the six months ended 30 September 2007.

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 30 September 2007

		Six months ended	
	Note	30.9.2007 (unaudited) HK\$'000	30.9.2006 (unaudited) HK\$'000 (Restated)
<b>Continuing operations</b>			
<b>Turnover</b>	2	36,441	15,577
Cost of sales		(32,721)	(18,229)
<b>Gross profit / (loss)</b>		3,720	(2,652)
Other income		2,542	630
Administrative expenses		(25,090)	(15,442)
Impairment on available-for-sale financial assets		(4,100)	—
Impairment on goodwill		(1,648)	—
Finance costs		—	(3)
Impairment on loans to associates		—	(393)
<b>Loss before taxation</b>	3	(24,576)	(17,860)
Taxation	4	(60)	—
<b>Loss for the period from continuing operations</b>		(24,636)	(17,860)
<b>Discontinued operations</b>			
Loss for the period from discontinued operations	5	(420)	(603)
Loss on disposal of a subsidiary		(1,676)	—
<b>Total loss from discontinued operations</b>		(2,096)	(603)
<b>Loss for the period</b>		(26,732)	(18,463)
<b>Attributable to:</b>			
Equity holders of the Company		(25,423)	(15,281)
Minority interests		(1,309)	(3,182)
		(26,732)	(18,463)
		<b>HK\$</b>	<b>HK\$</b> (Restated)
<b>Loss per share attributable to equity holders of the Company for the period</b>	6		
<b>From continuing and discontinued operations</b>			
– Basic		(0.0142)	(0.0168)
– Diluted		N/A	N/A
<b>From continuing operations</b>			
– Basic		(0.0130)	(0.0161)
– Diluted		N/A	N/A
<b>Interim dividend</b>	7	—	—

**CONDENSED CONSOLIDATED BALANCE SHEET***As at 30 September 2007*

		<b>30.9.2007</b> <b>(unaudited)</b> <b>HK\$'000</b>	31.3.2007 (audited) HK\$'000
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment	8	7,718	9,462
Goodwill		3,973	3,990
Interests in associates		—	—
Available-for-sale financial assets	9	11,818	15,918
Other operating assets		230	205
		<b>23,739</b>	<b>29,575</b>
<b>Current assets</b>			
Inventories		16,356	8,487
Amounts due from related companies		—	48
Trade and other receivables	10	20,847	14,964
Cash and bank balances	11	100,351	108,356
		<b>137,554</b>	<b>131,855</b>
<b>Current liabilities</b>			
Trade and other payables	12	13,655	10,810
Provision for taxation		85	80
		<b>13,740</b>	<b>10,890</b>
<b>Net current assets</b>		<b>123,814</b>	<b>120,965</b>
<b>NET ASSETS</b>		<b>147,553</b>	<b>150,540</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	13	18,304	17,139
Reserves		126,781	128,755
Equity attributable to equity holders of the Company		145,085	145,894
Minority interests		2,468	4,646
<b>TOTAL EQUITY</b>		<b>147,553</b>	<b>150,540</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited										
	Attributable to equity holders of the Company										
	Share capital	Share premium	Exchange reserve	Contributed surplus	Capital redemption reserve	Enterprises development reserve	Share option reserve	Accumulated losses	Total	Minority interests	Total equity
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2007	17,139	165,353	254	15,506	1,868	803	8,582	(63,611)	145,894	4,646	150,540
Proceeds from shares issued upon exercise of share options	1,165	22,410	—	—	—	—	—	—	23,575	—	23,575
Transfer of reserve	—	8,398	—	—	—	—	(8,398)	—	—	—	—
Lapse of share options	—	—	—	—	—	—	(9)	9	—	—	—
Cancellation of share options	—	—	—	—	—	—	(74)	74	—	—	—
Issue of share options	—	—	—	—	—	—	995	—	995	—	995
Purchase of additional interest in subsidiaries	—	—	—	—	—	—	—	—	—	(869)	(869)
Exchange difference on translation of the financial statements of foreign subsidiaries	—	—	44	—	—	—	—	—	44	—	44
Loss for the period	—	—	—	—	—	—	—	(25,423)	(25,423)	(1,309)	(26,732)
At 30 September 2007	18,304	196,161	298	15,506	1,868	803	1,096	(88,951)	145,085	2,468	147,553
At 1 April 2006	8,289	66,299	241	15,506	1,868	803	2,956	(31,067)	64,895	9,986	74,881
Issue of new shares	8,302	91,331	—	—	—	—	—	—	99,633	—	99,633
Exchange difference on translation of the financial statements of foreign subsidiaries	—	—	(5)	—	—	—	—	—	(5)	—	(5)
Loss for the period	—	—	—	—	—	—	—	(15,281)	(15,281)	(3,182)	(18,463)
At 30 September 2006	16,591	157,630	236	15,506	1,868	803	2,956	(46,348)	149,242	6,804	156,046

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	<b>Six months ended</b>	
	<b>30.9.2007 (unaudited) HK\$'000</b>	30.9.2006 (unaudited) HK\$'000
Net cash used in operating activities	<b>(29,256)</b>	(3,893)
Net cash used in investing activities	<b>(2,324)</b>	(17,358)
Net cash generated from financing activities	<b>23,575</b>	99,633
Net (decrease) / increase in cash and cash equivalents	<b>(8,005)</b>	78,382
Cash and cash equivalents at the beginning of the period	<b>108,356</b>	32,543
Cash and cash equivalents at the end of the period	<b>100,351</b>	110,925
Analysis of the balance of cash and cash equivalents:		
Cash and bank balances	<b>100,351</b>	110,925

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The interim financial statements are unaudited, condensed and have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies and basis of preparation adopted in the preparation of these condensed consolidated interim financial statements are consistent with those used in the Group’s audited financial statements for the year ended 31 March 2007, except in relation to the following new / revised Hong Kong Financial Reporting Standards (“HKFRSs”), HKASs and Interpretations (hereinafter collectively referred to as the “new / revised HKFRSs”), which have become effective for accounting periods beginning on or after 1 April 2007, that are adopted for the first time for the current period’s financial statements:

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions

The adoption of the above new / revised HKFRSs has no material impact on the accounting policies of the Group and the methods of computation in the Group’s condensed consolidated interim financial statements.

The Group has not early applied the following new / revised HKFRSs which are issued but not yet effective in the current interim period. The Group is in the process of assessing the potential impact and expects that the application of these new / revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK (IFRIC) – Int 12	Service Concession Arrangements <sup>2</sup>
HK (IFRIC) – Int 13	Customer Loyalty Programmes <sup>3</sup>
HK (IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2008.

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2008.

## 2. TURNOVER AND SEGMENT INFORMATION

Segment information is presented by way of business segment as the primary segment reporting format.

The Group's operating businesses are structured and managed separately, according to the nature of their operations. The Group's business segments represent different strategic business units which are subject to risks and returns that are different from those of the other business segments. Descriptions of the business segments are as follows:

- the manufacturing and trading of automotive components business;
- the securities investment segment includes dealings in securities and trading of investments;
- the securities brokerage segment provides securities brokerage services; and
- the "Others" segment comprises the other businesses.

An analysis of the Group's segment information by business segments is set out as follows:

	For the six months ended 30.9.2007									
	Continuing operations					Discontinued operations				
	Manufacturing and trading of automotive components	Securities investment	Securities brokerage	Others	Inter-segment elimination	Sub-total	Trading of electronic components	Logistics services	Sub-total	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue										
- External	10,223	24,047	2,171	—	—	36,441	—	1,432	1,432	37,873
- Inter-segment	—	—	4	—	(4)	—	—	—	—	—
<b>Total</b>	<b>10,223</b>	<b>24,047</b>	<b>2,175</b>	<b>—</b>	<b>(4)</b>	<b>36,441</b>	<b>—</b>	<b>1,432</b>	<b>1,432</b>	<b>37,873</b>
Segment results	(3,639)	342	(791)	(9)	—	(4,097)	—	(420)	(420)	(4,517)
Unallocated group expenses						(14,731)			—	(14,731)
Impairment on available-for-sale financial assets						(4,100)			—	(4,100)
Impairment on goodwill						(1,648)			—	(1,648)
Loss before taxation						(24,576)			(420)	(24,996)
Taxation						(60)			—	(60)
Loss on disposal of a subsidiary						—			(1,676)	(1,676)
<b>Loss for the period</b>						<b>(24,636)</b>			<b>(2,096)</b>	<b>(26,732)</b>

## 2. TURNOVER AND SEGMENT INFORMATION (Continued)

For the six months ended 30.9.2006 (Restated)

	Continuing operations					Discontinued operations				Consolidated HK\$'000
	Manufacturing and trading of automotive components	Securities investment	Securities brokerage	Others	Inter- segment elimination	Sub-total	Trading of electronic components	Logistics services	Sub-total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Revenue	3,972	10,439	222	944	—	15,577	—	2,390	2,390	17,967
Segment results	(6,769)	(106)	(1,067)	(305)	—	(8,247)	(50)	(553)	(603)	(8,850)
Unallocated group expenses						(9,217)			—	(9,217)
Finance costs						(3)			—	(3)
Impairment on loan to associates						(393)			—	(393)
Loss before taxation						(17,860)			(603)	(18,463)
Taxation						—			—	—
Loss for the period						(17,860)			(603)	(18,463)

## 3. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging / (crediting):

### Six months ended

	30.9.2007 (unaudited) HK\$'000	30.9.2006 (unaudited) HK\$'000 (Restated)
<b>Continuing operations</b>		
Interest income	(2,192)	(573)
Cost of inventories sold	9,285	7,589
Depreciation	1,332	1,084
Provision for inventories	416	—
Net realised (gain) / loss on disposal of:		
Listed financial assets at fair value through profit or loss	(1,022)	57
Unlisted available-for-sale financial assets	—	(2)
Net fair value loss on listed financial assets at fair value through profit or loss	—	20
(Gain) / loss on disposal of property, plant and equipment	23	(2)
<b>Discontinued operations</b>		
Depreciation	89	129
Loss on disposal of property, plant and equipment	—	27



#### 4. TAXATION

	<b>Six months ended</b>	
	<b>30.9.2007 (unaudited) HK\$'000</b>	30.9.2006 (unaudited) HK\$'000
Hong Kong current taxation charge for the period	<b>60</b>	—

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. No provision for overseas tax in which the Group operates, has been made in the financial statements as the Group did not have any assessable profit derived from the jurisdictions for the period ended 30 September 2007 (2006: Nil).

#### 5. DISCONTINUED OPERATIONS

In August 2007, the Group disposed of its entire interest in a subsidiary, which engaged in the provision of logistics services. The disposal resulted in a loss on disposal of a subsidiary of HK\$1,676,000 (2006: Nil). In the same period of last year, the Group resolved to discontinue the business of trading of electronic components.

The results of the above two business segments are presented in the condensed interim financial statements as discontinued operations. An analysis of the results of the discontinued operations is as follows:

	<b>Six months ended</b>	
	<b>30.9.2007 (unaudited) HK\$'000</b>	30.9.2006 (unaudited) HK\$'000 (Restated)
Revenue	<b>1,432</b>	2,390
Cost of sales	<b>(1,683)</b>	(2,416)
Gross loss	<b>(251)</b>	(26)
Administrative expenses	<b>(169)</b>	(577)
Loss before taxation	<b>(420)</b>	(603)
Taxation	—	—
Loss for the period from discontinued operations	<b>(420)</b>	(603)

## 5. DISCONTINUED OPERATIONS (Continued)

The cash flows attributable to the discontinued operations are as follows:

	Six months ended	
	30.9.2007 (unaudited) HK\$'000	30.9.2006 (unaudited) HK\$'000 (Restated)
Net cash (used in) / generated from operating activities	(448)	4,559
Net cash used in investing activities	—	(33)
Net cash generated from financing activities	400	1,547
Net (decrease) / increase in cash	(48)	6,073

## 6. LOSS PER SHARE

### (a) Basic loss per share

#### *From continuing and discontinued operations*

The basic loss per share is calculated based on (i) the consolidated loss attributable to equity holders of the Company of HK\$25,423,000 (2006: HK\$15,281,000) and on (ii) the weighted average number of 1,790,191,174 ordinary shares (2006: 911,004,828 ordinary shares) in issue during the six months period.

#### *From continuing operations*

The basic loss per share from continuing operations attributable to the equity holders of the Company is based on the following information:

	Six months ended	
	30.9.2007 (unaudited) HK\$'000	30.9.2006 (unaudited) HK\$'000 (Restated)
Loss for the period attributable to equity holders of the Company	25,423	15,281
Less: Total loss from discontinued operations	(2,096)	(603)
Loss for the purpose of basic loss per share from continuing operations	23,327	14,678

The denominators used are the same as those detailed above for basic loss per share from continuing and discontinued operations.

## 6. LOSS PER SHARE (Continued)

### (a) Basic loss per share (Continued)

#### *From discontinued operations*

Basic loss per share for discontinued operations is HK\$0.0012 (2006 restated: HK\$0.0007) which is calculated based on the loss for the period attributable to equity holders of the Company from discontinued operations of HK\$2,096,000 (2006 restated: HK\$603,000). The denominators used are the same as those detailed above for basic loss per share from continuing and discontinued operations.

### (b) Diluted loss per share

No diluted loss per share is presented for the six months ended 30 September 2007 and 2006 as the share options outstanding during these periods had an anti-dilutive effect on basic loss per share for these periods.

## 7. INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the period (2006: Nil).

## 8. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$399,000 (31.3.2007: HK\$2,247,000) on property, plant and equipment and also disposed of property, plant and equipment with aggregate net book value of approximately HK\$28,000 (31.3.2007: HK\$103,000).

## 9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>30.9.2007 (unaudited) HK\$'000</b>	31.3.2007 (audited) HK\$'000
Unlisted investments in securities, at cost less impairment loss at fair value	— <b>11,818</b>	— 15,918
	<b>11,818</b>	15,918

## 10. TRADE AND OTHER RECEIVABLES

	<b>30.9.2007 (unaudited) HK\$'000</b>	31.3.2007 (audited) HK\$'000
Trade receivables	<b>16,052</b>	12,345
Other receivables	<b>4,795</b>	2,619
	<b>20,847</b>	14,964

Included in the balances are trade receivables with an aged analysis as follows:

	<b>30.9.2007 (unaudited) HK\$'000</b>	31.3.2007 (audited) HK\$'000
Within 3 months ( <i>Note</i> )	<b>16,052</b>	11,619
4 to 6 months	—	573
Over 6 months	—	153
	<b>16,052</b>	12,345

*Note:*

Included an amount of HK\$7,952,000 (31.3.2007: HK\$6,751,000) attributable to securities brokerage business with settlement terms at two days after the trade date.

Trading terms with customers are either on a cash basis or credit. For those customers who trade on credit, a credit period is allowed according to relevant business practice. Credit limits are set for customers. The Group seeks to maintain tight control over its outstanding receivables in order to minimise credit risk. Overdue balances are regularly reviewed by senior management.

Except for receivables from securities brokerage business which are bearing interest at the prevailing Best Lending Rate plus 5% per annum, the balances of trade receivables are non-interest bearing. The carrying amounts of receivables are approximate to their fair values.

## 11. CASH AND BANK BALANCES

One of the subsidiaries maintains trust bank accounts with an authorised financial institution in the normal course of business transactions. As at 30 September 2007, trust bank balances not dealt with in these interim financial statements amounted to HK\$4,976,000 (31.3.2007: HK\$3,346,000).

## 12. TRADE AND OTHER PAYABLES

	<b>30.9.2007</b> <b>(unaudited)</b> <b>HK\$'000</b>	31.3.2007 (audited) HK\$'000
Trade payables	<b>10,871</b>	8,487
Other payables and accruals	<b>2,784</b>	2,323
	<b>13,655</b>	10,810

Included in the balances are trade payables with an aged analysis as follows:

	<b>30.9.2007</b> <b>(unaudited)</b> <b>HK\$'000</b>	31.3.2007 (audited) HK\$'000
Within 3 months ( <i>Note</i> )	<b>10,871</b>	8,368
Over 6 months	—	119
	<b>10,871</b>	8,487

*Note:*

Included an amount of HK\$8,265,000 (31.3.2007: HK\$6,793,000) attributable to securities brokerage business with settlement terms at two days after the trade date.

Except for certain client payables in respect of the Group's securities brokerage business are interest-bearing at rates approximate to prevailing market saving rates, the balances of trade payables are non-interest bearing. The carrying amounts of the payables are approximate to their fair values.

## 13. SHARE CAPITAL

Note	30.9.2007		31.3.2007	
	(unaudited) No. of shares '000	(unaudited) HK\$'000	(audited) No. of shares '000	(audited) HK\$'000
<b>Authorised:</b>				
Ordinary shares of HK\$0.01 each	50,000,000	500,000	50,000,000	500,000
<b>Issued and fully paid:</b>				
At the beginning of period / year				
Ordinary shares of HK\$0.01 each	1,713,875	17,139	828,871	8,289
Issue of new shares pursuant to open offer	(a) —	—	829,551	8,295
Exercise of share options	(b) 116,546	1,165	55,453	555
At the end of period / year				
Ordinary shares of HK\$0.01 each	1,830,421	18,304	1,713,875	17,139

*Note:***(a) Subscriptions of new shares**

On 13 September 2006, the Company issued 829,550,864 ordinary shares of HK\$0.01 each at the subscription price of HK\$0.12 per share pursuant to the open offer on the basis of one offer share for every share held on 23 August 2006.

All the new ordinary shares issued during the last year ranked pari passu in all respects with the then existing ordinary shares of the Company.

**(b) Exercise of share options**

During the period, options to subscribe for 116,546,052 ordinary shares were exercised. The net consideration was HK\$23,575,479 of which HK\$1,165,460 was credited to share capital account and the balance of HK\$22,410,019 was credited to the share premium account. Amount of HK8,398,000 was transferred from share option reserve account to share premium account.

During the last year, options to subscribe for 55,453,432 ordinary shares were exercised. The net consideration was HK\$6,378,316 of which HK\$554,534 was credited to share capital account and the balance of HK\$5,823,782 was credited to the share premium account. Amount of HK\$1,980,000 was transferred from share option reserve account to share premium account.

All the new ordinary shares issued during the period / year ranked pari passu in all respects with the existing ordinary shares of the Company.

## 14. SHARE OPTIONS

	<b>30.9.2007 (unaudited) No. of share options '000</b>	31.3.2007 (audited) No. of share options '000
At the beginning of period / year	<b>118,546</b>	89,264
Effect of open offer	—	9,394
Granted	<b>110,680</b>	82,940
Exercised	<b>(116,546)</b>	(55,453)
Lapsed	<b>(100)</b>	(7,599)
Cancelled	<b>(800)</b>	—
At the end of period / year	<b>111,780</b>	118,546

- (a) Share options outstanding at the end of the period / year have the following exercise periods and exercise prices:

Exercise period	Exercise price per share option HK\$	<b>30.9.2007 (unaudited) No. of share options '000</b>	31.3.2007 (audited) No. of share options '000
21/12/2005 - 20/12/2015 (Note i)	0.11486	—	36,406
20/10/2006 - 19/10/2016 (Note i)	0.242	<b>1,100</b>	82,140
23/08/2008 - 22/08/2017 (Note ii)	0.23	<b>110,680</b>	—
		<b>111,780</b>	118,546

*Note:*

- (i) The share options granted are fully vested and exercisable from the date of grant.
- (ii) The share options granted are vested in three tranches over a period of two years from the date of grant.

**14. SHARE OPTIONS** *(Continued)*

- (b) The Group recognised the total expenses of HK\$994,596 for the six months ended 30 September 2007 (2006: Nil) in relation to the share options granted by the Company.

**15. CAPITAL COMMITMENTS**

	<b>30.9.2007</b> <b>(unaudited)</b> <b>HK\$'000</b>	31.3.2007 (audited) HK\$'000
Capital commitments contracted but not provided for at the balance sheet date	<b>780</b>	780

**16. RELATED PARTY TRANSACTIONS**

During the period, sales of automotive compressors to a related company on mutually agreed terms by respective parties amounted to HK\$3,563,000 (2006: Nil).

**17. COMPARATIVE FIGURES**

Certain comparative amounts have been reclassified and restated to conform with the current period's presentation. The reclassifications and restatements had no impact on the Group's results for the six months ended 30 September 2006.



## **INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF CARICO HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

### **Introduction**

We have reviewed the interim financial report set out on pages 1 to 15, which comprises the condensed consolidated balance sheet of the Carico Holdings Limited (the "Company") as at 30 September 2007 and the related condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial report in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial report based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **Scope of Review**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

### **CCIF CPA Limited**

*Certified Public Accountants*

Hong Kong, 27 December 2007

### **Leung Chun Wa**

Practising Certificate Number P04963

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

During the period under review, turnover of the Group increased to approximately HK\$36.4 million, representing an increase of approximately 133.9% when compared to that in the same period last year. The substantial growth in turnover was mainly attributable to the continuous improvement in the Group's businesses in the manufacturing and trading of automotive components as well as securities investment. Although the Group recorded gross profit of approximately HK\$3.7 million during the period under review, its loss widened from approximately HK\$18.5 million in the corresponding period last year to approximately HK\$26.7 million for the same period this year. Administrative expenses increased to approximately HK\$25 million as compared to approximately HK\$15.4 million in the same period of last year. In addition, the Group had provided the impairments on available-for-sale financial assets and goodwill of approximately HK\$4.1 million (2006: Nil) and approximately HK\$1.6 million respectively (2006: Nil).

The operation of the Group's auto parts processing factory has been improving since it commenced production in mid 2006. For the six months ended 30 September 2007, the turnover derived from the manufacturing and trading of automotive components amounted to approximately HK\$10.2 million, representing an increase of approximately 157.4% when compared to that in the same period last year.

The Group's businesses in securities brokerage and securities investment have benefited from the booming sentiment of the Hong Kong stock market during the period under review. Turnover derived from the Group's securities brokerage business and securities investment has recorded growth. During the six months ended 30 September 2007, turnover derived from the Group's securities brokerage business amounted to approximately HK\$2.2 million, representing an increase of about HK\$2 million when compared to that in the corresponding period last year which had only three months operation, and turnover derived from the Group's securities investment amounted to approximately HK\$24 million, representing an increase of approximately 130.4% when compared to that in the corresponding period last year. In order to further lift shareholders' return by capitalizing the advantageous market condition, the Group would monitor the market situation and utilize the designated financial resources of the Group to engage in securities investments as and when good investment opportunities are identified.

Although the general economy shows an uptrend growth, the increasing market competition has posed tough challenges to different businesses of the Group. In August 2007, the Group disposed of its logistic business which had yet to generate profit to the Group so far. With a view to improving the overall financial performance of the Group, the Group will continue to review its existing businesses and at the same time to identify new investment opportunities which can bring in value to all shareholders.

### Prospects and Future Plan of the Group

Looking forward, the management will review its existing businesses from time to time and strive to improve the business operation and financial position of the Group. The objective of the Group is to establish a solid platform to invest in business sectors providing high growth through acquisition and development of projects with promising future. As such, the Group will proactively seek potential investment opportunities that could enhance the value to the shareholders.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### Liquidity and Financial Resources

As of 30 September 2007, the Group had (i) non-current assets of approximately HK\$23.7 million (31 March 2007: approximately HK\$29.6 million), which mainly comprised available-for-sale financial assets, and property, plant and equipment, and (ii) current assets of approximately HK\$137.6 million (31 March 2007: approximately HK\$131.9 million), which comprised inventories, trade and other receivables, and cash and bank balances. As of 30 September 2007, the Group had no borrowings and hence recorded net cash of approximately HK\$100.4 million (31 March 2007: approximately HK\$108.4 million).

### Foreign Exchange Exposure

The Group's transactions were mainly denominated in Hong Kong dollars, US dollars, Japanese Yen and Renminbi. Given that the exchange rate of Hong Kong dollars against US dollars has been and is likely to remain stable, the Board considers that the Group's risk on US dollars foreign exchange will remain minimal. The Group closely monitors the related exchange rates and, whenever appropriate, takes necessary action to reduce exchange risk.

### Material Acquisitions and Disposals

The Group had no material acquisitions or disposals of subsidiaries or associated companies during the six months ended 30 September 2007.

### Pledge of Assets and Contingent Liabilities

As at 31 March 2007 and 30 September 2007, the Group did not pledge any kind of assets and had no significant contingent liabilities.

### Capital Commitments

As at 30 September 2007, the Group had capital commitments of approximately HK\$780,000 (31 March 2007: approximately HK\$780,000) in respect of the capital contributions to a wholly foreign owned enterprise that was set up in the People's Republic of China (the "PRC").

### Employees and Remuneration Policies

As of 30 September 2007, the Group had 28 employees in Hong Kong, 120 employees in the PRC and 5 employees in Japan. Total staff costs (including directors' emoluments) during the period amounted to approximately HK\$12.2 million (2006: approximately HK\$6.4 million). The remuneration policies are determined with reference to market conditions and individual performance of staff. The Group participates in Mandatory Provident Fund Scheme in Hong Kong and State-managed retirement benefit schemes in the PRC. It also provides provident fund scheme and labour insurance for employees in Japan. The Group has a share option scheme for the benefit of its directors and eligible employees of the Group.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2007, the interests and short positions of the directors and chief executives of the Company or their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Name of Director	Capacity	Long position/ Short position	Number of underlying shares (in respect of share options (unlisted equity derivatives)) of the Company held (Note)	Approximate percentage of issued ordinary share capital of the Company
Yip Chi Chiu	Beneficial owner	Long position	16,400,000	0.90%
Lo Wing Yat	Beneficial owner	Long position	14,600,000	0.80%
Leung Chung Tak Barry	Beneficial owner	Long position	14,600,000	0.80%
So George Siu Ming	Beneficial owner	Long position	14,600,000	0.80%
Wong Kwok Kuen	Beneficial owner	Long position	3,600,000	0.20%
Chak Chi Man	Beneficial owner	Long position	3,600,000	0.20%
Chan Yuk Tong	Beneficial owner	Long position	1,800,000	0.10%
Fei Tai Hung	Beneficial owner	Long position	1,800,000	0.10%
Tse Kam Fow	Beneficial owner	Long position	1,800,000	0.10%

*Note:* The interests in underlying shares of unlisted equity derivatives of the Company represented interests in options granted to directors to subscribe for shares of the Company, further details of which are set out in the section headed "Share Option Scheme" below.

Save as disclosed above, as at 30 September 2007, none of the directors or chief executives of the Company or their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other than the share option scheme adopted by the Company on 30 March 2004 (as amended by an addendum effective as of 7 December 2005) (the "Share Option Scheme"), at no time during the six months ended 30 September 2007 was the Company or any of its subsidiaries, a party to any arrangements to enable the directors or any of their spouses or children under the age of 18 to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2007, the persons, other than the directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of substantial shareholder	Capacity	Long position/ Short position	Number of ordinary shares of the Company held	Approximate percentage of issued ordinary share capital of the Company
Best Effort International Limited ("BEI")	Beneficial owner	Long position	322,341,020 (Note 1)	17.61%
Asset Managers (China) Fund Co., Ltd. ("AMCF")	Beneficial owner	Long position	262,340,199 (Note 1)	14.33%
Asset Investors Co., Ltd.	Interest of controlled corporation	Long position	262,340,199 (Note 1)	14.33%
FR Holding Co., Ltd.	Interest of controlled corporation	Long position	262,340,199 (Note 1)	14.33%
Asset Managers (Asia) Company Limited	Interest of controlled corporation	Long position	584,681,219 (Note 1)	31.94%
Red Rock Investment Co., Ltd.	Interest of controlled corporation	Long position	584,681,219 (Note 1)	31.94%
Asset Managers Co., Ltd. ("AMC")	Interest of controlled corporation	Long position	584,681,219 (Note 1)	31.94%
CITIC International Assets Management Limited ("CIAM")	Beneficial owner	Long position	166,400,000 (Note 2)	9.09%
CITIC International Financial Holdings Limited ("CIFH")	Interest of controlled corporation	Long position	166,400,000 (Note 2)	9.09%
CITIC Group	Interest of controlled corporation	Long position	166,400,000 (Note 2)	9.09%

## **SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY** *(Continued)*

### *Notes:*

1. BEI was a wholly owned subsidiary of Asset Managers (Asia) Company Limited. AMCF was owned as to 50% by Asset Managers (Asia) Company Limited and as to 50% by Asset Investors Co., Ltd.. Asset Managers (Asia) Company Limited was owned as to 70% by Red Rock Investment Co., Ltd. and as to 30% indirectly by Mr. Yip Chi Chiu, a director of the Company. Red Rock Investment Co., Ltd. was a wholly owned subsidiary of AMC. Asset Investors Co., Ltd. was owned as to 50.10% by FR Holding Co., Ltd. which in turn was wholly owned by AMC. Asset Investors Co., Ltd. and FR Holding Co., Ltd. were taken to have an interest under the SFO in the same block of 262,340,199 shares held by AMCF. Asset Managers (Asia) Company Limited, Red Rock Investment Co., Ltd. and AMC were deemed by virtue of the SFO to be interested in 584,681,219 shares, of which 262,340,199 shares were held by AMCF and 322,341,020 shares were held by BEI.
2. CIAM was owned as to 40% by CIFH, the shares of which are listed on the main board of the Stock Exchange and as to 25% by AMC. CIFH was owned as to 55% by CITIC Group. CIFH and CITIC Group were taken to have an interest under the SFO in the same block of 166,400,000 shares held by CIAM.

Save as disclosed above, as at 30 September 2007, the Company has not been notified of any interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register kept by the Company under Section 336 of the SFO.

## **SHARE OPTION SCHEME**

On 30 March 2004, the Share Option Scheme was approved and adopted by the shareholders of the Company for the purpose of enabling the Group to grant options to selected participants as incentives or rewards for their contribution to the Group, which will be effective for ten years until 29 March 2014.

## SHARE OPTION SCHEME (Continued)

Details of the options and their movements in such holdings during the six months ended 30 September 2007 were as follows:

Category of participants	Date of grant	Number of share options					As at 30 September 2007	Exercise period	Exercise price per share option HK\$	Weighted average closing price of the shares immediately before the dates on which the share options were exercised HK\$
		As at 1 April 2007	Granted during the period (Note b)	Exercised during the period	Lapsed during the period	Cancelled during the period				
<b>Directors</b>										
Yip Chi Chiu	23/08/2007	—	16,400,000	—	—	—	16,400,000	23/08/2008 – 22/08/2017	0.23	—
Lo Wing Yat	23/08/2007	—	14,600,000	—	—	—	14,600,000	23/08/2008 – 22/08/2017	0.23	—
Leung Chung Tak Barry	23/08/2007	—	14,600,000	—	—	—	14,600,000	23/08/2008 – 22/08/2017	0.23	—
So George Siu Ming	23/08/2007	—	14,600,000	—	—	—	14,600,000	23/08/2008 – 22/08/2017	0.23	—
Wong Kwok Kuen	23/08/2007	—	3,600,000	—	—	—	3,600,000	23/08/2008 – 22/08/2017	0.23	—
Chak Chi Man	23/08/2007	—	3,600,000	—	—	—	3,600,000	23/08/2008 – 22/08/2017	0.23	—
Chan Yuk Tong	23/08/2007	—	1,800,000	—	—	—	1,800,000	23/08/2008 – 22/08/2017	0.23	—
Fei Tai Hung	23/08/2007	—	1,800,000	—	—	—	1,800,000	23/08/2008 – 22/08/2017	0.23	—
Tse Kam Fow	23/08/2007	—	1,800,000	—	—	—	1,800,000	23/08/2008 – 22/08/2017	0.23	—
<b>Employees</b>										
	21/12/2005	491,513	—	(491,513)	—	—	—	21/12/2005 – 20/12/2015	0.11486	0.7
	20/10/2006	60,280,000	—	(58,280,000)	(100,000)	(800,000)	1,100,000	20/10/2006 – 19/10/2016	0.242	0.652
	23/08/2007	—	8,680,000	—	—	—	8,680,000	23/08/2008 – 22/08/2017	0.23	—
<b>Suppliers</b>										
	21/12/2005	23,959,410	—	(23,959,410)	—	—	—	21/12/2005 – 20/12/2015	0.11486	0.7
	20/10/2006	7,360,000	—	(7,360,000)	—	—	—	20/10/2006 – 19/10/2016	0.242	0.7
<b>Others</b>										
	21/12/2005	11,955,129	—	(11,955,129)	—	—	—	21/12/2005 – 20/12/2015	0.11486	0.7
	20/10/2006	14,500,000	—	(14,500,000)	—	—	—	20/10/2006 – 19/10/2016	0.242	0.7
	23/08/2007	—	29,200,000	—	—	—	29,200,000	23/08/2008 – 22/08/2017	0.23	—
		118,546,052	110,680,000	(116,546,052)	(100,000)	(800,000)	111,780,000			

## SHARE OPTION SCHEME (Continued)

### Notes:

- (a) Number of share options refers to the number of underlying shares in the Company covered by the share options under the Share Option Scheme.
- (b) Share options to subscribe for 110,680,000 shares of the Company were granted on 23 August 2007. The closing price of the shares immediately before the date on which the share options were granted was HK\$0.207.
- (c) The share options granted on 21 December 2005 and 20 October 2006 are fully vested and exercisable from the date of grant while the share options granted on 23 August 2007 are vested in three tranches over a period of two years from the date of grant.
- (d) The weighted average of the fair values of the share options granted on 23 August 2007 with different exercisable periods is HK\$0.1104.

The fair values were calculated using the Binomial Option-Pricing Model. The inputs into the model were as follows:

Exercise price	HK\$0.23
Expected volatility	71.68%
Option life	10 years
Risk-free rate	4.48%
Expected dividend yield	0%

Expected volatility was determined by using the annualised standard deviations of the continuously compounded rates of return on the share prices of the Company and three other comparable companies.

The result of the Binomial Option-Pricing Model can be materially affected by changes in these variables and assumptions. Therefore, an option's actual value may differ from the estimated fair values of the share options due to limitations of the Binomial Option-Pricing Model.

## CORPORATE GOVERNANCE

The Company complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2007.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. All directors of the Company have confirmed, following specific enquiry by the Company, their compliance with the required standard set out in the Model Code throughout the six months ended 30 September 2007.



## INSUFFICIENT NUMBER OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to Rule 3.10(1) of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive directors. As a result of the resignation of Mr. Pang Chun Sing, Mr. Chan Chun Wai and Mr. Sit Fung Shuen, Victor as independent non-executive directors of the Company on 29 May 2007, the Company had only one independent non-executive director, Mr. Chan Yuk Tong, which did not meet the minimum number as required under Rule 3.10(1) of the Listing Rules. In order to comply with Rule 3.10(1) of the Listing Rules, Mr. Fei Tai Hung and Mr. Tse Kam Fow have been appointed as independent non-executive directors of the Company with effect from 22 June 2007.

## INSUFFICIENT NUMBER OF AUDIT COMMITTEE MEMBERS

Pursuant to Rule 3.21 of the Listing Rules, the audit committee must comprise a minimum of three members and must be chaired by an independent non-executive director. As a result of the resignation of Mr. Pang Chun Sing as chairman and member, and Mr. Chan Chun Wai and Mr. Sit Fung Shuen, Victor as members, of the audit committee of the Company on 29 May 2007, the audit committee of the Company had only one member, Mr. Chan Yuk Tong, and had no chairman, which did not meet the requirements under Rule 3.21 of the Listing Rules. In order to comply with Rule 3.21 of the Listing Rules, Mr. Fei Tai Hung and Mr. Tse Kam Fow have been appointed as members and Mr. Chan Yuk Tong has been appointed as chairman of the audit committee of the Company with effect from 22 June 2007.

## REVIEW OF INTERIM RESULTS

The audit committee of the Company has reviewed with the management and the Company's independent auditor the unaudited consolidated results of the Group for the six months ended 30 September 2007 and the interim report.

## PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board of  
**Carico Holdings Limited**  
**Yip Chi Chiu**

*Deputy Chairman and Chief Executive Officer*

Hong Kong, 27 December 2007

*As at the date of this report, the Board comprises Mr. Ryoji Furukawa<sup>#</sup> (Chairman), Mr. Yip Chi Chiu<sup>\*\*</sup> (Deputy Chairman and Chief Executive Officer), Mr. Lo Wing Yat<sup>\*\*</sup>, Mr. Leung Chung Tak Barry<sup>\*\*</sup> (Chief Operating Officer and Chief Project Officer), Mr. So George Siu Ming<sup>\*\*</sup> (Chief Financial Officer), Mr. Chak Chi Man<sup>#</sup>, Mr. Ryuichi Tanabe<sup>#</sup>, Mr. Takehiko Wakayama<sup>#</sup>, Mr. Wong Kwok Kuen<sup>#</sup>, Mr. Chan Yuk Tong<sup>##</sup>, Mr. Fei Tai Hung<sup>#</sup> and Mr. Tse Kam Fow<sup>##</sup>.*

<sup>\*\*</sup> executive directors

<sup>#</sup> non-executive directors

<sup>##</sup> independent non-executive directors