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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)

**(1) CONNECTED TRANSACTION — SUBSCRIPTION AGREEMENT,
(2) CANCELLATION OF 2005 SHAREHOLDERS' AGREEMENT AND
ENTERING INTO OF
THE SHAREHOLDERS' AGREEMENT
AND
(3) CONTINUING CONNECTED TRANSACTION — AUTHORISED
DISTRIBUTOR AGREEMENT**

The Subscription Agreement

The Company announces that on 4 January 2007, Lucky Metro and Unicla entered into the Subscription Agreement pursuant to which Lucky Metro agreed to subscribe for and Unicla agreed to allot and issue 6,000,000 Unicla Shares at the consideration of HK\$6,000,000.

The Shareholders' Agreement

As disclosed in the circular of the Company dated 9 January 2006, the 2005 Shareholders' Agreement was entered into among Lucky Metro, International Auto, Goodford, Costar and Unicla to regulate the rights and obligations of Lucky Metro, International Auto, Goodford and Costar as shareholders of Unicla. On 4 January 2007, Lucky Metro, International Auto, Goodford, Costar and Unicla entered into the Shareholders' Agreement to cancel the 2005 Shareholders' Agreement and to further regulate their rights and obligations as shareholders of Unicla.

The Authorised Distributor Agreement

The Company also announces that on 4 January 2007, Unicla and International Auto entered into the Authorised Distributor Agreement pursuant to which Unicla agrees to appoint International Auto as a non-exclusive distributor to distribute the Product for a term from 4 January 2007 to 31 March 2008 in the Distributorship Area. The Directors estimated that the annual cap for the transactions under the

Authorised Distributor Agreement for each of the two years ending 31 March 2008 would not exceed HK\$4,000,000.

General

Unicla, a subsidiary of the Company, is also owned as to 32% by International Auto whose major shareholder is Mr. Yee and as to 5% by Costar whose sole shareholder is Ms. Yee, the daughter of Mr. Yee. Mr. Yee is a director of Unicla and is accordingly a connected person of the Company. As Mr. Yee and Ms. Yee in aggregate indirectly control 37% of the equity interest in Unicla, Unicla is an associate (as defined in the Listing Rules) of Mr. Yee and is also a connected person (as defined in the Listing Rules) of the Company. The Subscription under the Subscription Agreement constitutes a connected transaction of the Company and the transactions contemplated under the Authorised Distributor Agreement constitute a continuing connected transaction of the Company under the Listing Rules. As all the applicable percentage ratios defined under the Listing Rules for the Subscription are less than 25% and the consideration for the Subscription is less than HK\$10,000,000, the Subscription is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirements pursuant to Rule 14A.32 of the Listing Rules. The transactions contemplated under the Authorised Distributor Agreement also constitute a continuing connected transaction of the Company under the Listing Rules. As the applicable percentage ratios defined under the Listing Rules for the annual value of the continuing connected transactions on an annual basis equal to or more than 2.5% but less than 25% and the annual consideration is less than HK\$10,000,000, the continuing connected transaction under the Authorised Distributor Agreement is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements pursuant to Rule 14A.34 of the Listing Rules.

THE SUBSCRIPTION AGREEMENT DATED 4 JANUARY 2007

On 4 January 2007, Lucky Metro and Unicla entered into the Subscription Agreement pursuant to which Lucky Metro agreed to subscribe for and Unicla agreed to allot and issue 6,000,000 Unicla Shares at the consideration of HK\$6,000,000. The principal terms of the Subscription Agreement are set out as follows:

| | | |
|----------------------------|---|--|
| Subscriber | : | Lucky Metro |
| Issuer | : | Unicla |
| Subscription Shares | : | 6,000,000 Unicla Shares, representing 24% of the existing issued share capital of Unicla as at the date of this announcement and approximately 19.35% of the issued share capital of Unicla as enlarged by the issue of the Subscription Shares. |
| Consideration | : | HK\$6,000,000 (equivalent to HK\$1.00 per Subscription Share), which was negotiated and determined on an arm's length basis between the Subscriber and Unicla and with reference to the par value of each Unicla Share and is payable in cash at Completion. The consideration was settled by internal resources of the Company. The subscription price of HK\$1.00 represents a premium of approximately 36.6% over the net assets value per Unicla Share of approximately HK\$0.732 as at 31 March 2006. As Unicla was newly established and is still in trial operation stage and further |

taking into account that Lucky Metro is already the major shareholder of Unicla which also manages the daily operation of Unicla, the Directors consider that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole to subscribe the Subscription Shares at par value per Unicla Share.

- Ranking** : The Subscription Shares to be issued shall rank pari passu in all respects with all other existing Unicla Shares in issue, including the right to participate in all dividends and distributions declared or paid by Unicla on or after the date of Completion.
- Completion** : Completion took place on 4 January 2007.

CHANGE OF SHAREHOLDING STRUCTURE OF UNICLA

The shareholding structures of Unicla before and after the Subscription are as follows:

| | Existing shareholding structure of Unicla | | Shareholding structure of Unicla upon completion of the Subscription | |
|------------------------------------|---|---------------|--|---------------|
| | Number of Unicla Shares held | Approximate % | Number of Unicla Shares held | Approximate % |
| Lucky Metro | 13,250,000 | 53.00 | 19,250,000 | 62.10 |
| International Auto (<i>Note</i>) | 8,000,000 | 32.00 | 8,000,000 | 25.81 |
| Goodford | 2,500,000 | 10.00 | 2,500,000 | 8.06 |
| Costar (<i>Note</i>) | 1,250,000 | 5.00 | 1,250,000 | 4.03 |
| | <u>25,000,000</u> | <u>100.00</u> | <u>31,000,000</u> | <u>100.00</u> |
| Total | <u>25,000,000</u> | <u>100.00</u> | <u>31,000,000</u> | <u>100.00</u> |

Note: Costar is an associate of International Auto as the entire issued share capital of Costar was acquired on 12 December 2006 by Ms. Yee who is the daughter of Mr. Yee whom, in turn, is the major shareholder of International Auto.

INFORMATION ON UNICLA

Unicla engages in investment, trading and manufacturing of compressor business. Unicla was incorporated in Hong Kong on 18 July 2005. In 2006 the Group successfully dismantled all equipment from a factory in Nagoya, Japan and relocated the same in Dongguan, Guangdong Province of the PRC. This new setup produces automotive air conditioning compressors in Dongguan and international sale is conducted through Hong Kong headquarters and Japan branch office under the reputable brand name “Unicla”. Unicla is currently the registered proprietor and beneficial owner of the trademarks of “Unicla” in 17 countries and the patents of Unicla’s products in Japan, Korea, Germany and the United States. “Unicla” is a renowned brand of automotive air conditioning compressor in Japan. Unicla’s products mainly serve for large-scale and long-distance passenger vehicles. The production plant of Unicla consists of 18 sets of computerised numeric control machinery. Trial operation has commenced in the second half of 2006. Compressors produced by the plant are mainly targeted at export.

Based on the audited financial statements of Unicla, the audited losses before and after taxation for the period from the date of incorporation up to 31 March 2006 were both approximately HK\$6.7 million. The audited net assets of Unicla as at 31 March 2006 were approximately HK\$18.3 million. Unicla was a non-wholly owned subsidiary of the Company before the Subscription and remains as a non-wholly owned subsidiary of the Company after the Subscription.

REASONS FOR THE SUBSCRIPTION

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

The Directors are of the view that the Subscription is in line with the corporate strategy of the Group and provides an opportunity for the Company to further invest in automobile-related products business. As Unicla commenced its trial operation in the second half of 2006 and has not yet reached full scale production, Unicla is still operating at a loss. Nevertheless, given the premier quality of Unicla's products and its internationally renowned brand name and taking into account the entering into of the Authorised Distributor Agreement, the Directors expect that the production volume and sales of Unicla will increase and Unicla will have the potential to contribute income to the Group in the future.

The Directors consider that the terms and conditions of the Subscription Agreement are on normal commercial terms and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

THE SHAREHOLDERS' AGREEMENT DATED 4 JANUARY 2007

As disclosed in the circular of the Company dated 9 January 2006, the 2005 Shareholders' Agreement was entered into among Lucky Metro, International Auto, Goodford, Costar and Unicla to regulate the rights and obligations of Lucky Metro, International Auto, Goodford and Costar as shareholders of Unicla. On 4 January 2007, Lucky Metro, International Auto, Goodford, Costar and Unicla entered into the Shareholders' Agreement to cancel the 2005 Shareholders' Agreement and to release and discharge each other from all obligations whatsoever arising under the 2005 Shareholders' Agreement and to regulate their rights and obligations as shareholders of Unicla including, inter alia, the following:

- (i) In the event that a shareholder of Unicla shall sell or otherwise transfer or dispose of its Unicla Shares, such selling shareholder must first offer these Unicla Shares to the other shareholders of Unicla at the price and on the terms and conditions to be agreed between the selling shareholder and the other shareholders. For the avoidance of doubt, no first offer of such Unicla Shares to the other shareholders of Unicla is required for the transfer of Unicla Shares between any two shareholders of Unicla.
- (ii) In the event that a shareholder of Unicla shall sell or otherwise transfer or dispose of its Unicla Shares to an unaffiliated third party, such shareholder must offer these Unicla Shares at a price which is equal to or greater than the price offered to other shareholders of Unicla and at the terms which are no less favourable than those offered to other shareholders of Unicla.
- (iii) In the event that Unicla shall engage in any material disposals of business or assets of Unicla to independent third party, such sale price shall be calculated with reference to the then net asset value of Unicla as determined by an independent professional valuer appointed by Unicla. For this purpose, a material disposal means a single disposal which has a book value of more than HK\$2,000,000 or a series of disposals of the same nature took place within a period of 12 months which in aggregate has a book value of more than HK\$5,000,000.

- (iv) The board of directors of Unicla shall comprise 3 directors, two of whom shall be appointed by Lucky Metro and one by International Auto. For any meeting of board of directors of Unicla, 2 directors shall constitute a quorum for the transaction of business.
- (v) The business of Unicla shall be the manufacture of compressors and all related activities and such other business as the board of directors of Unicla may decide should be carried on by Unicla.

REASONS FOR THE ENTERING INTO OF THE SHAREHOLDERS' AGREEMENT

In view of the change in shareholdings, the shareholders of Unicla agreed to enter into the Shareholders' Agreement to cancel the 2005 Shareholders' Agreement and to reflect their current intention with respect to their rights and obligations in Unicla and to further protect their respective interest.

Major differences between the 2005 Shareholders' Agreement and the Shareholders' Agreement

The major differences between the 2005 Shareholders' Agreement and the Shareholders' Agreement are as follows:

- (i) the requirements of alterations of the issued share capital of Unicla are as follows:
 - (a) the amount of issued share capital of Unicla required consent from shareholders of Unicla has been increased from HK\$25,000,000 to HK\$31,000,000; and
 - (b) the consent from shareholders of Unicla required under (a) above has been changed from all the shareholders of Unicla to the Majority Shareholder(s).
- (ii) each of Lucky Metro, International Auto, Goodford and Costar and each of their ultimate individual shareholders has undertaken to maintain their respective shareholding structures of Unicla. Any changes of the shareholding structures of Lucky Metro, International Auto, Goodford, Costar and Unicla shall be subject to written consent of the Majority Shareholder(s).
- (iii) paragraphs (i), (ii) and (iii) under the section headed "The Shareholders' Agreement dated 4 January 2007" of this announcement have been incorporated into the Shareholders' Agreement.

THE AUTHORISED DISTRIBUTOR AGREEMENT DATED 4 JANUARY 2007

Parties

Unicla : Unicla

The Distributor : International Auto

Appointment and term

Pursuant to the Authorised Distributor Agreement, Unicla granted International Auto a non-exclusive right to distribute the Products in the Distributorship Area namely, the PRC, Hong Kong and Macau for a term from 4 January 2007 up to 31 March 2008 (both days inclusive).

Aggregate Invoice Value

Unicla and International Auto shall establish and agree on reasonable business sales objectives for International Auto in terms of the Aggregate Invoice Value by March each year during the subsistence of the Authorised Distributor Agreement unless otherwise agreed. A minimum growth rate of 20% in the Aggregate Invoice Value compared to the last fiscal year in the event that no agreement was reached between the parties and a minimum Aggregate Invoice Value of HK\$3,000,000 for the year ended 31 March 2007 shall be accepted.

Duties of International Auto

International Auto shall exercise to the best of its abilities and make every reasonable effort to promote the sale and use of the Products. International Auto shall provide sales support to Unicla and shall maintain a team of adequately trained and competent personnel to carry out and perform fully all of their duties, obligations and responsibilities on promoting the Products.

Pricing and annual cap

Pursuant to the Authorised Distributor Agreement, Unicla shall supply a list of models of compressors to International Auto at list prices. The sale price to International Auto shall be the prevailing market price to be agreed between Unicla and International Auto at arm's length basis. In the event of any outstanding amount due and owing to Unicla, International Auto shall be given a maximum credit limit of HK\$800,000 on a revolving basis. Such credit limit shall be subject to review by Unicla from time to time and may be revised, varied and/or amended at the discretion of Unicla, provided that the said alterations shall only be effective upon a month's prior notice given to International Auto. The Directors estimated that the annual cap for the transactions under the Authorised Distributor Agreement for each of the two years ending 31 March 2008 would not exceed HK\$4,000,000. Such annual cap was determined with reference to the list prices of the compressors models and after taking into account the sales projection and marketing plan provided by International Auto.

REASONS FOR THE AUTHORISED DISTRIBUTOR AGREEMENT

The Group is principally engaged in trading and manufacturing of high-tech automobile-related products in Hong Kong and the PRC. International Auto was established in 2002 and is a distributor of garage equipment, auto air-conditioning and engine and parts. International Auto has been the exclusive distributor of Unicla J Co., Ltd. which manufactured compressors bearing "Unicla" trademarks since its incorporation. Prior to the incorporation of International Auto, Mr. Yee has been engaged in distribution of compressors bearing "Unicla" trademarks in the PRC, Hong Kong and Macau for more than 30 years.

The Directors are of the view that the Authorised Distributor Agreement allows Unicla to leverage on the experience and sales network of International Auto and facilitates Unicla to increase its market share in the PRC, Hong Kong and Macau. The Directors consider that the terms and conditions of the Authorised Distributor Agreement are on normal commercial terms and are fair and reasonable and are in the interests of the Shareholders as a whole.

GENERAL

Unicla, a subsidiary of the Company, is also owned as to 32% by International Auto whose major shareholder is Mr. Yee and as to 5% by Costar whose sole shareholder is Ms. Yee, the daughter of Mr. Yee. Mr. Yee is a director of Unicla and is accordingly a connected person of the Company. As Mr. Yee and Ms. Yee in aggregate indirectly control 37% of the equity interest in Unicla, Unicla is an associate (as defined in the Listing Rules) of Mr. Yee and is also a connected person (as defined in the Listing Rules) of the Company. The Subscription under the Subscription Agreement constitutes a connected transaction of the Company and the transactions contemplated under the Authorised Distributor Agreement constitute a continuing connected transaction of the Company under the Listing Rules. As all the applicable percentage ratios defined under the Listing Rules for the Subscription are less than 25% and the consideration for the Subscription is less than HK\$10,000,000, the Subscription is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirements pursuant to Rule 14A.32 of the Listing Rules. The transactions contemplated under the Authorised Distributor Agreement also constitute a continuing connected transaction of the Company under the Listing Rules. As the applicable percentage ratios defined under the Listing Rules for the annual value of the continuing connected transactions on an annual basis equal to or more than 2.5% but less than 25% and the annual consideration is less than HK\$10,000,000, the continuing connected transaction under the Authorised Distributor Agreement is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements pursuant to Rule 14A.34 of the Listing Rules.

DEFINITIONS

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|------------------------------------|---|
| “2005 Shareholders’ Agreement” | the shareholders’ agreement dated 15 December 2005 entered into among Lucky Metro, International Auto, Goodford, Costar and Unicla to regulate their rights and obligations as shareholders of Unicla |
| “Aggregate Invoice Value” | the aggregate invoice value of Products ordered by International Auto from Unicla |
| “Authorised Distributor Agreement” | the authorised distributor agreement dated 4 January 2007 entered into between Unicla and International Auto in relation to the appointment of International Auto as a non-exclusive distributor for distribution of the Products |
| “Board” | the board of Directors |
| “Company” | Carico Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange |
| “Completion” | the actual completion of the Subscription Agreement |
| “Costar” | Costar Universal Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by Ms. Yee and an investment holding company, being one of the shareholders of Unicla |

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|---------------------------|---|
| “Director(s)” | the director(s) of the Company |
| “Distributorship Area(s)” | Hong Kong, Macau and the PRC |
| “Goodford” | Goodford Holdings Ltd., a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Luk Chosen and an investment holding company, being one of the shareholders of Unicla |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “International Auto” | International Auto Engineering Limited, a company incorporated in Hong Kong with limited liability and owned as to 78.78% by Mr. Yee, as to 10.56% by Mr. Tam Kim Hung, as to 4% by Mr. Yeo Bin Bin, as to 3.33% by Mr. Lam Shun Chiu and 3.33% by Mr. Cheng Sheung Tat, and a distributor of garage equipment, auto air-conditioning and engine and parts, being one of the shareholders of Unicla |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Lucky Metro” | Lucky Metro Trading Ltd., a company incorporated in the British Virgin Islands with limited liability and an indirect wholly owned subsidiary of the Company, being one of the shareholders of Unicla |
| “Macau” | the Macau Special Administrative Region of the PRC |
| “Majority Shareholder(s)” | each of Lucky Metro, International Auto, Goodford and Costar whose aggregate shareholding in Unicla exceed(s) fifty per cent. (50%) of the issued share capital of Unicla |
| “Mr. Yee” | Mr. Yee Pui Jic, the major shareholder of International Auto and the father of Ms. Yee |
| “Ms. Yee” | Ms. Yee Wai Chung, Joan, the sole shareholder of Costar and the daughter of Mr. Yee |
| “PRC” | the People’s Republic of China |
| “Products” | the compressors, parts and all special and standard accessories bearing “Unicla” trademarks and tools, with those particular models of compressors set out in Schedule A of the Authorised Distributor Agreement |
| “Share(s)” | share(s) of HK\$0.01 each in the share capital of the Company |

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|---------------------------|---|
| “Shareholder(s)” | registered holder(s) of Shares issued for the time being |
| “Shareholders’ Agreement” | the shareholders’ agreement dated 4 January 2007 entered into among Lucky Metro, International Auto, Goodford, Costar and Unicla to regulate their rights and obligations as shareholders of Unicla |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscriber” | Lucky Metro |
| “Subscription” | the subscription of the Subscription Shares by Lucky Metro under the Subscription Agreement |
| “Subscription Agreement” | the subscription agreement dated 4 January 2007 entered into between the Subscriber and Unicla in respect of the Subscription |
| “Subscription Shares” | 6,000,000 Unicla Shares under the Subscription Agreement |
| “Unicla” | Unicla International Limited, a company incorporated in Hong Kong with limited liability |
| “Unicla Share(s)” | ordinary share(s) of HK\$1.00 each in the share capital of Unicla |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “%” | per cent. |

By Order of the Board
Carico Holdings Limited
Yip Chi Chiu
Deputy Chairman

Hong Kong, 8 January 2007

*As at the date of this announcement, the Board comprises Mr. Ryoji Furukawa# (Chairman), Mr. Yip Chi Chiu** (Deputy Chairman), Mr. Lo Wing Yat**, Mr. Chan Wai Ming** (Chief Executive Officer), Mr. Loo Chung Keung, Steve** (Chief Operating Officer), Mr. Leung Chung Tak, Barry** (Chief Project Officer), Mr. Chak Chi Man#, Mr. Ryuichi Tanabe#, Mr. Takehiko Wakayama#, Mr. Pang Chun Sing##, Mr. Chan Chun Wai##, Mr. Sit Fung Shuen, Victor## and Mr. Chan Yuk Tong##.*

** *executive Directors*

non-executive Directors

independent non-executive Directors

* *For identification purposes only*

Please also refer to the published version of this announcement in the China Daily.